

**FBIS****DAILY REPORT  
CONTENTS***China*

Vol I No 205

23 October 1985

## PRC INTERNATIONAL AFFAIRS

## GENERAL

Foreign Ministry Spokesman Holds Weekly Briefing	A 1
'Obstacles' in Ties With USSR	A 1
Talks With India 4-10 Nov	A 1
BEIJING REVIEW Interviews Zhao Ziyang on UN Role [21 Oct]	A 1
PRC Officials Address UN Space Technology Workshop [CHINA DAILY 22 Oct]	A 3
Peaceful Use of Space Urged	A 4
XINHUA Analysis Views Pre-Summit Western Unity	A 4
U.S. Plans Advanced Weapons Sale to Jordan	A 5

## UNITED STATES

U.S. Accuses USSR of Deploying SS-25 Missiles	B 1
Li Peng Discusses Economy With U.S. Businessmen	B 1
Deng Xiaoping Discusses Reform	B 2
Chen Muhua Meets U.S. Commerce Official	B 2

## SOVIET UNION

Soviet Union Reaffirms Position on Disarmament	C 1
Gorbachev, Delegation Depart for Sofia Summit	C 1
Soviet Commentator Criticizes Summit Pessimism	C 2
Soviet Writers Delegation Visits Shanghai	C 2

## NORTHEAST ASIA

Further on Anniversary of CPV Assistance in Korea	D 1
U.S. Urged To Leave Korea	D 1
CYL Group Departs for Pyongyang	D 1
CPV Families Group Feted	D 1
DPRK Good-will Delegation Feted in Beijing	D 2
Nakasone Views 'Friendly' Ties With PRC Guests	D 2
Japan Rallies Mark 'International Day Against War'	D 3
Tokyo Rally Marks Japan-PRC Amity Group Anniversary	D 3
Zhou Peiyuan Meets Mongolian Friendship Group	D 3

## SOUTHEAST ASIA &amp; PACIFIC

Hong Kong Official on Opposition to Jenkins Bill	E 1
State Councillors Meet Hong Kong Businessman	E 1
New Zealand's Palmer Says ANZUS Should Continue	E 1

## WESTERN EUROPE

CPC To Strengthen Ties With Austrian Communists	G 1
FRG Economic Body Calls for Cooperation With PRC	G 1
PRC-Belgian Protocol on Port Cooperation Signed	G 1

## EASTERN EUROPE

Warsaw Pact Summit Opens in Bulgaria 22 Oct	H 1
Defense Official Meets Romanian Military Group	H 1
PLA Leaders Attend Romanian Army Day Celebration	H 1
PRC, Poland Sign Mining Protocol in Warsaw	H 1

## MIDDLE EAST &amp; AFRICA

Vice Premier Tian Jiyun Arrives in Algiers	I 1
Talks With Industry Minister	I 1
NPC Delegation Leaves on West African Tour	I 1

## PRC NATIONAL AFFAIRS

Tian Jiyun Speaks on Administrative Reform [RENMIN RIBAO 17 Oct]	K 1
Statistics Official Discusses Economic Situation	K 2
GUANGMING RIBAO on Separating Ownership, Management [5 Oct]	K 4
State Council Official on Industrial Survey	K 6
HONGQI Reviews Book on Marxist Party Theory [16 Sep]	K 8
RENMIN RIBAO: Establishing New Practice for Cadres [16 Oct]	K 9
College Students Voice Support for Party Policies	K 10
RENMIN RIBAO on CPC's Literature, Art Policy [14 Oct]	K 12
Symposium on Classical Novel Closes in Guiyang	K 14
State Council on Joint Venture To Build Wharves	K 15
Preferential Terms Granted for Joint Harbor Projects	K 16
Gas, Oil Found in Beibu Bay, Test Results In	K 16
PRC's First Container Transport Company Launched	K 17
XINHUA Reports Death of General Xu Shiyu	K 17
PLA Logistics Department Sets Up Base Command	K 18
Military Region Commends Xian PLA School Graduate	K 18
JIEFANGJUN BAO on Anti-SRV Fighter's Heroism	K 19
Military Commission Commends Border Defense Units	K 20
Yang Shangkun Writes Inscription for Memorial	K 21
Spokesman Denies \$18 Billion Trade Deficit	K 22
JINGJI YANJIU on Price of Building Materials [20 Aug]	K 22
State Council Report on Credit Investigation	K 28
PRC Cracks Down on 'Serious' Economic Crimes	K 29
Savings Deposits Increase in Urban Areas	K 30

## PRC REGIONAL AFFAIRS

## EAST REGION

Shandong Holds Meeting on Four Modernizations	O 1
Shanghai's Rui Xingwen Visits Party School [JIEFANG RIBAO 17 Oct]	O 1
Shanghai Regulations on Price Supervision Set	O 2

## SOUTHWEST REGION

XINHUA Calls Yang Rudai 'Truth-Seeking Secretary'	Q 1
Sichuan's Yang Rudai Stresses Economic Information	Q 3
Banqen Erdini Inspects Xizang Middle School	Q 3
Yunnan Militiamen Aid in War Against Vietnam	Q 4

## NORTH REGION

Hebei Secretary Urges Cadres To Grasp Key Points

R 1

## NORTHEAST REGION

Heilongjiang Secretary at Concert for Peasants

S 1

Heilongjiang Secretary Addresses Retired Cadres

S 1

Jilin Exposes Illegal Burdens on People

S 2

Jilin Leaders at Service for Former CPC Official

S 3

LIAONING RIBAO Reports Fulfillment of Sixth Plan [29 Sep]

S 3

## TAIWAN

President Issues Message on Overseas Chinese Day

V 1

Two PRC Refugees Arrive in Taiwan 20 Oct

V 1

Bush Speech to PRC Students Well Received

V 2

Commentary on Redressing Trade Imbalance With U.S.

V 3

Economics Ministry To Strengthen U.S. Operations

V 3

Philippines Restricts Taiwan Yarn Imports [AFP]

V 4

## HONG KONG MEDIA ON CHINA

PRC Worried by Use of Hong Kong Dollar in Guangdong

W 1

[SOUTH CHINA MORNING POST 18 Oct]

Wang Guangying on Reports of Recall to PRC

W 2

[SOUTH CHINA MORNING POST 20 Oct]

Editorial Calls Bush Remarks on Passports 'Timely'

W 2

[SOUTH CHINA MORNING POST 20 Oct]

HONG KONG STANDARD Views Bush Remarks on Trade [20 Oct]

W 4

Operations of XINHUA's Hong Kong Branch Reviewed

W 5

[SOUTH CHINA MORNING POST 21 Oct]

FOREIGN MINISTRY SPOKESMAN HOLDS WEEKLY BRIEFING

## 'Obstacles' in Ties With USSR

OW230938 Beijing XINHUA in English 0931 GMT 23 Oct 85

["GDR Vice-Chairman of Council of Ministers to Visit China" -- XINHUA headline]

[Text] Beijing, October 23 (XINHUA) -- Guenther Kleiber, vice-chairman of the Council of Ministers of the German Democratic Republic, will pay a visit to China from October 26 to November 2 at the invitation of the Chinese Government. This was announced by a spokesman of the Chinese Foreign Ministry at the press briefing here this afternoon.

Kleiber is a member of the Political Bureau of the Central Committee of the Socialist Unity Party. He is also minister for construction of general machinery, farm machinery and vehicles.

Asked about the recent 7th round of Sino-Soviet consultations, the spokesman said that at this regular session of consultations, the Chinese side expounded its own principled position on how to normalize relations between the two countries.

The Chinese side maintained that existence of obstacles in Sino-Soviet relations was an objective fact and the normalization of relations would be out of the question without the removal of these obstacles, the spokesman stated.

## Talks With India 4-10 Nov

OW230940 Beijing XINHUA in English 0934 GMT 23 Oct 85

["China, India To Hold Official Talks" -- XINHUA headline]

[Text] Beijing, October 23 (XINHUA) -- The 6th round of Sino-Indian official talks will be held as agreed by the two sides from November 4 to 10 in New Delhi, capital of India. This was announced by a spokesman of the Chinese Foreign Ministry at the press briefing here this afternoon.

He said, the two sides would hold substantive discussions on the boundary issue between the two countries. They would also discuss other bilateral issues and exchange views on international issues of mutual concern.

The Chinese delegation will be headed by Vice-Minister of Foreign Affairs Liu Shuqing and the Indian delegation by Secretary of the Ministry of External Affairs A.P. Venkateswaran.

BEIJING REVIEW INTERVIEWS ZHAO ZIYANG ON UN ROLE

OW220749 Beijing BEIJING REVIEW in English 21 Oct 85 p 4

[Text] The United Nations will be 40 years old this week. On the eve of its anniversary, BEIJING REVIEW [BR] submitted to Premier Zhao Ziyang several questions and asked for comments on the performance of the United Nations all these years, and how China has worked with the international organ. Here are the premier's answers to BR's questions. - Ed.

BR: This year marks the 40th anniversary of the founding of the United Nations. What is your evaluation of the role played by the United Nations during the last 50 years in maintaining world peace and security and promoting international co-operation?



Zhao: Worldwide victory in the war against fascism gave birth to the United Nations. The purposes and principles set forth by the UN Charter, when it came into being, such as the maintenance of international peace and security and the promotion of international cooperation, remain valid and are still of vital significance today.

Peace and development are two cardinal issues facing the world today, and they concern the United Nations just as much. The last 40 years have been a period full of twists and turns for the United Nations, and while it has made some serious mistakes, on the whole it has done much and has played an active part in safeguarding world peace, opposing armed aggression and occupation of one country by another, encouraging the restructuring of the inequitable international economic order, and promoting international economic and technological co-operation.

Post-war developments and changes in the world have been instrumental in greatly changing the organization of the United Nations. Since Third World countries and smaller and medium-sized states have stepped into the international political arena, they have carried more and more weight within the United Nations. The fact that the United Nations has played such a positive role in world affairs is due, in a large measure, to the concerted efforts of these countries.

The United Nations, however, has its share of weaknesses, and inadequacies as well. Mainly because of certain big powers, which lack political sincerity, the purposes and principles of this international organization are far from being implemented in many fields and its full intent and potential have yet to be tapped. On this 40th anniversary we should like to express our wish that the United Nations become more effective in fulfilling the important functions of the charter, so as to live up to the expectations of the people throughout the world.

BR: The Third World, together with many smaller and medium-sized states, are calling for strengthening the United Nations. As one of the founding members of this organization and a permanent member of the Security Council, how does China look at this?

Zhao: Currently, the two superpowers are trying to outdo each other in their arms drive. Internationally, acts of aggression and expansion are going on as before; and regional conflicts continually break out. As it is, the world situation remains tense and turbulent. Power politics, characterized by the big countries bullying the small and the strong oppressing the weak, is the stark reality of today's international relations. Between the developing and developed countries there is, economically, a gulf that is growing wider and wider. The Third World, and smaller and medium-sized states alike, are deeply worried about this. They are taking steps to safeguard their own independence, sovereignty and security and to strengthen their economies and international co-operation. We understand and support their aspirations and would like to see the United Nations play a more active role in safeguarding peace, curbing aggression, preventing clashes and settling disputes peacefully, as well as helping to overcome the serious economic difficulties that confront the Third World. All resolutions adopted by the United Nations concerning these issues should be carried out in earnest.

BR: What is your view on strengthening China's co-operation with the United Nations?

Zhao: Since China resumed its legitimate seat at the United Nations, it has actively participated in the work of the United Nations and has done what it could to examine various issues and seek their solutions in the political, security, economic, social, legal and other spheres. The Chinese Government has maintained good relations with various organizations and special agencies of the United Nations. We are grateful to them for the valuable assistance extended to China's economic and social development.

On our part, we have given active support to the many activities sponsored by the United Nations. I believe the co-operation between China and the United Nations, anchored as it is in the purposes and principles of the UN Charter, will grow with the passage of time.

PRC OFFICIALS ADDRESS UN SPACE TECHNOLOGY WORKSHOP

HK220802 Beijing CHINA DAILY in English 22 Oct 85 p 1

[By staff reporter Liu Dizhong]

[Text] China is planning to develop its use of satellites to serve the modernization drive, through close cooperation with foreign countries. The country is focusing its interest on the telecommunications, broadcasting, meteorological and resources exploration satellites. This was disclosed by Zeng Xianlin, deputy president of the State Science and Technology Commission of China, in his speech at the opening ceremony of the United Nations workshop on advances in space science and technology and its applications, which opened in Beijing yesterday.

Exploration of outer space for peaceful uses to benefit mankind "is always China's principle in developing space science and technology," Zeng said. He called on all countries and scientists engaged in space research to make great efforts to promote peaceful uses of outer space's resources.

The workshop, co-sponsored by the United Nations and the Chinese Government, is being attended by 63 experts in the field from 22 countries and areas including India, Indonesia, Iraq, Iran, Japan, Malaysia, Canada, Czechoslovakia, the Soviet Union and the United States.

Although this is the first workshop of its kind to be held in China, Beijing has heretofore been seeking co-operation and exchanges with the outside world in space science and technology. Over the last few years, it signed protocols on co-operation in space research for civil use with the Federal Republic of Germany, Italy, the United Kingdom and France.

Recalling China's achievements in the past two decades, Zeng said great importance had been attached by the Chinese Government to developing space science and technology in which "large amounts of manpower and material resources have been involved."

Since China launched its first satellite in 1970, a total of 16 satellites of different types have been sent into space, including an experimental telecommunication satellite which was placed into geostationary orbit in 1984.

The nine-day workshop was described as "part of China's contribution to the increased activities of the United Nations Space Applications Programme," said a United Nations statement presented at the ceremony by Adigun Ade Abiodun, an expert on space technology.

Established in 1971, by the General Assembly of the United Nations, the programme attempted to promote the practical applications of space science and technology in the developing countries. In addition to hosting this workshop, the Chinese Government has also donated \$50,000 in support of the programme.

The workshop, the statement said, would provide a comprehensive view of the current status and foreseeable developments, up to the year 2000, on space science and technology, the potential impact of such developments on the world, and the contributions of the developed and developing countries to the attainment of these goals.

In addition to technical and professional discussions, the participants will visit in Beijing satellite and rocket assembly factories, the remote sensing facilities, satellite communications ground receiving station and the centre for satellite meteorology.

#### Peaceful Use of Space Urged

OW221625 Beijing XINHUA in English 1615 GMT 22 Oct 85

[Text] Beijing, October 22 (XINHUA) -- Vice-Premier Li Peng appealed to all countries today to ensure that space technology was used to bring benefits to the world.

Satellite technology should be used to aid economic development and to improve people's living standards, he said at a meeting with space scientists from 22 countries including the United States, the Soviet Union, Japan, France, Canada, India, Thailand and China. The Chinese Government attached great importance to applying satellite technology to the development of broadcasting, meteorology and telecommunications, Li said.

China's space industry still lagged behind the advanced countries, even though it had launched several satellites. However, China would continue to make great efforts to catch up, because it regarded the space industry as being of great importance to the development of the national economy and various sciences.

More than 40 foreign specialists are participating with Chinese colleagues in a nine-day United Nations workshop on space science and technology and its applications, which began here on Monday. Broadcasting, meteorology, satellite sensing, space transport and space platforms will all be discussed.

#### XINHUA ANALYSIS VIEWS PRE-SUMMIT WESTERN UNITY

OW221942 Beijing XINHUA in English 1856 GMT 22 Oct 85

["News analysis: Western Europe's Expectations out of Six-Nation Summit (by Xia Zhimian)" -- XINHUA headline]

[Text] Bonn, October 22 (XINHUA) -- Federal German Chancellor Helmut Kohl today leaves here for New York to attend the October 24 summit of the six Western nations. Together with his British and Italian counterparts, Kohl will discuss with President Reagan the views of Western Europe on the U.S.-Soviet summit scheduled in Geneva next month. People here question just how carefully Reagan will listen to their hopes and fears.

Western Europeans have reason to doubt Reagan's attentiveness to their views of disarmament: The United States and Western Europe have different hopes for the six-nation summit, also to be attended by Japan and Canada.

Washington wants the preparatory summit to bring its allies together, or to at least result in a semblance of Western bloc unity.

Reagan's goal closely parallels that of the Sofia meeting of the Warsaw Pact, which began today. Mikhail Gorbachev, who is attending the Eastern bloc preparatory session, wants the Warsaw Pact member states to appear unified when he meets Reagan in November.

Western Europe hopes to impress upon Reagan the need for the two superpower leaders to keep its interests in mind when they meet. What Western Europe wants Washington to consider includes:



-- Washington should observe the object of negotiations agreed to by the U.S.-Soviet foreign ministers on January 8 of this year, that is, to prohibit space weapons and reduce the strategic weapons on earth.

--Washington should make counter-proposals to Moscow's recent initiatives and agree to discuss the "star wars" project.

--Washington should pay attention to negotiations on the reduction of medium-range missiles and conventional weapons.

--It should be ready to consult its allies.

At the border of the West-East confrontation, the Federal Republic of Germany, which has the largest number of U.S. medium-range missiles deployed in Europe, has every reason to want Washington to hear what Bonn thinks. Federal German Government spokesman Friedhelm Ost said, "How to react to Moscow's proposals is not a matter for Washington only but for the whole Western alliance."

Even before Reagan proposed the New York summit early this month, Kohl had declared that he would like to meet Reagan before the Geneva summit to express the wishes of West Europeans.

A large number of troops are stationed in Europe, where the world's most dense collection of nuclear missiles exists. Should a nuclear war break out between the two superpowers, Europe would, Western Europeans fear, be its first victim. Such mentalities of theirs are entirely understandable.

#### U.S. PLANS ADVANCED WEAPONS SALES TO JORDAN

OW220252 Beijing XINHUA in English 0221 GMT 22 Oct 85

[Text] Washington, October 21 (XINHUA) -- President Ronald Reagan today formally notified Congress of his administration's intent to sell Jordan about 1.9 billion U.S. dollars worth of advanced weapons.

According to administration sources "The proposed sale is in the best interests of both the United States and Jordan because it meets Jordan's legitimate security requirements and furthers our mutual objectives." The official statement added, "Without the political and military support of the United States, it would prove difficult for a small and vulnerable state such as Jordan to conclude and help enforce a binding peace agreement."

However, there is considerable congressional opposition to the arms sale, which includes advanced fighters and anti-aircraft missiles.

Pro-Israeli congressmen have threatened to veto the arms sale proposal unless King Husayn of Jordan demonstrates his commitment to the recognition of Israel and to encouraging negotiations between Israel and Arab countries. Congress now has 30 days to stop the sale by a majority vote.

U.S. ACCUSES USSR OF DEPLOYING SS-25 MISSILES

OW230714 Beijing XINHUA in English 0636 GMT 23 Oct 85

[Text] Washington, October 22 (XINHUA) -- The United States today formally charged that the Soviet Union has been deploying a new, mobile SS-25 intercontinental ballistic missile (ICBM).

At a conference sponsored by a conservative organization here, Defense Secretary Caspar Weinberger said this is "an unquestionable violation of Soviet assurances given to us under the SALT II accord." He asserted that this is the most recent example of how the Soviet Union has ignored the terms of previous arms control agreements and also illustrates why it is so difficult to negotiate meaningful limits on nuclear arsenals of both superpowers.

"The SS-25 is road-mobile and can be housed in launcher garages equipped with sliding roofs. This makes it an extremely versatile weapon. The SS-25 violates the SALT II agreement that permits development of only one new type of ICBM. Their first new type developed, the SS-X-24, is now being tested," he said.

Under the SALT II agreement, which was signed in 1979 but never was ratified by the U.S. Congress, the United States and the Soviet Union were authorized to develop only one new intercontinental ballistic missile. For the United States, that new one missile is the MX with 10 warheads. And the Soviet Union developed the SS-24, also a 10-warhead missile that is expected to be deployed next year.

For several years the United States has accused the Soviet Union of developing and testing the SS-25 in violation of the SALT II treaty, but the Soviets maintain that the SS-25 development is permissible because it is merely a modification of an older missile, the SS-13.

Weinberger, a staunch advocate of President Ronald Reagan's Strategic Defense Initiative, also claimed that this provided another justification for the administration's "star wars" program. While the United States is determined to achieve "real, equitable and verifiable arms reductions in Geneva," that does not mean that the United States should abandon its "star wars" program, Weinberger said.

LI PENG DISCUSSES ECONOMY WITH U.S. BUSINESSMEN

OW221656 Beijing XINHUA in English 1638 GMT 22 Oct 85

[Text] Beijing, October 22 (XINHUA) -- Vice-Premier Li Peng today discussed the Chinese economy with a U.S. business delegation led by Henry Grunwald, editor-in-chief of the media organization, Time Incorporated.

Li answered questions from the visitors about China's economic reform, its policy of opening to the rest of the world and management training.

The delegation has been invited here by the China International Trust and Investment Corporation (CITIC), and tonight, Rong Yiren, CITIC chairman, gave a dinner for the U.S. guests.

The delegation, organized by Time Inc., is composed of chairmen of several large companies and financial organizations, presidents of universities, former ministers, ex-ambassadors and senior journalists.



## Deng Xiaoping Discusses Reform

OW230920 Beijing XINHUA in English 0909 GMT 23 Oct 85

["Deng Xiaoping Meets U.S. Entrepreneurs" -- XINHUA headline]

[Text] Beijing, October 23 (XINHUA) -- Deng Xiaoping, chairman of the Chinese Communist Party Central Advisory Commission, said here today that reform is the only way out for China, the road leading to development and prosperity.

Speaking at a meeting with a delegation of entrepreneurs organized by the Time Inc. of the United States, Deng Xiaoping said: "Reforms in China's rural areas have made big achievements. We are now proceeding with the reform in the cities."

Deng said the continuity of China's present-day policy is ensured. "This continuity," he noted, "should be judged from two aspects. First, we should see whether this policy is correct or not. If the policy can stimulate the development of the productive forces and lift people's living standard, this itself ensures its continuity. Second, we should see whether the central and local power is in the hands of people who have the courage to explore ways ahead and are in good health. Our cadres must be revolutionary, younger in average, better educated and professionally more competent so as to guarantee the continuity of our policy."

Asked about the relationship between the socialist system and market economy, Deng said China used to practise planned economy. Past experience showed that planned economy alone tended to restrain the development of the productive forces.

A combination of planned economy and market economy could further liberate the productive forces and accelerate their development, he said. The series of reforms made in China did not violate the principles of socialism.

"Socialism is aimed at increasing the productive forces," he said. "By adhering to socialism, we mean giving predominance to the public ownership at all times, avoiding polarization while developing the economy, and following the road of common prosperity."

For the past seven years, Deng continued, China had dedicated itself to the modernization program. While giving play to the characteristics inherent in socialism, China borrowed some effective capitalist methods to accelerate the growth of the productive forces.

Responding to a question about his role in China, Deng said: "What I've done is nothing but a reflection of the common desire of the Chinese people and Communists." Policies were formulated collectively over the past few years, he said.

Present on the occasion were Wang Zhen, vice-chairman of the Central Advisory Commission, and Rong Yiren, chairman of the China International Trust and Investment Corporation.

CHEN MUHUA MEETS U.S. COMMERCE OFFICIAL

OW221114 Beijing XINHUA in English 1111 GMT 22 Oct 85

[Text] Beijing, October 22 (XINHUA) -- Chinese State Councillor Chen Muhua met and had a cordial conversation with Betty Dickens Neuhart, Pacific regional director of the United States Department of Commerce, and her daughter here today.

SOVIET UNION REAFFIRMS POSITION ON DISARMAMENT

OW230330 Beijing XINHUA in English 0247 GMT 23 Oct 85

[Text] Moscow, October 22 (XINHUA) -- The Soviet Union reaffirmed the inseparability of talks on strategic and space weapons and categorically denied it was conducting space weapons research.

The statements were made at a press conference here today by Marshal Sergey Akhromeyev, chief of General Staff of the Soviet Armed Forces, Georgiy Korniyenko, first deputy foreign minister and Leonid Zamyatin, head of the party Central Committee's International Information Department.

Akhromeyev said U.S. space defense initiatives (SDI) program, dubbed "star wars", will allow it to launch a first strike with impunity. "Given this situation, any limitation on offensive weapons without agreement on space arms would imperil Soviet security," he said. Moscow is engaging in research in outer space, missile attack warning systems, intelligence gathering, but not in any "star wars" program similar to Washington's, he said.

If the United States continued its "perfidious" SDI project, he warned, the Soviet Union would take massive countermeasures including offensive weapons and not excluding space-based ones. U.S. President Ronald Reagan said in his last weekend televised speech that "The Soviets have for a long time been doing advanced research on their version of SDI." As many as 10,000 Soviet scientists were engaging in the research that could put a "star wars" system in space by 2000, he said.

Asked if the disarmament talks were worth pursuing given Reagan's unenthusiastic response to Soviet leader Mikhail Gorbachev's offer to cut by 50 percent the strategic weapons, Deputy Foreign Minister Korniyenko said, "We have never said, 'either you accept our proposals or there will be no negotiations'".

Gorbachev's new arms control proposals, announced during his visit to France at the beginning of this month, also included direct disarmament talks with France and Britain and reducing Soviet SS-20 medium-range missiles to the June, 1984 level of 243.

When questioned if the Soviet countermeasures against U.S. SDI would affect domestic economic programs, party Spokesman Zamyatin answered "no." "No matter how difficult it will be for us to solve military questions, we will not depart from our economic programs" he said.

Some Western analysts believed that Moscow's response to the 26 billion dollar SDI program would not break its "backbone" since the past 20 years had witnessed Soviet economic growths even though its military spending rose high up to 11 percent of its GNP last year.

GORBACHEV, DELEGATION DEPART FOR SOFIA SUMMIT

OW212032 Beijing XINHUA in English 1709 GMT 21 Oct 85

[Text] Moscow, October 21 (XINHUA) -- A Soviet delegation led by Mikhail Gorbachev, general secretary of the Soviet Communist Party, left here today for Sofia to attend a regular meeting of the Political Consultative Committee of the Warsaw treaty member states.

The delegation included President Andrey Gromyko, Chairman of the Council of Ministers Nikolay Ryzhkov, Foreign Minister Eduard Shevardnadze and Defence Minister Sergey Sokolov, TASS reported.

The Sofia summit had twice been put off, from October 1983 and January this year, due to the illness of former Soviet leaders Yuriy Andropov and Konstantin Chernenko.

#### SOVIET COMMENTATOR CRITICIZES SUMMIT PESSIMISM

OW210316 Beijing XINHUA in English 0234 GMT 21 Oct 85

[Text] Moscow, October 20 (XINHUA) -- A Soviet TV commentator today criticized both the growing pessimism about the upcoming Soviet-U.S. summit and the overly-optimistic hope that one such meeting would result in detente.

Criticizing Western leaders for the "pessimistic attitude" to the Geneva summit, Fedor Burlatskiy, a well-known political commentator, said on Soviet television that "This attitude is resulting in a deteriorating psychological climate before such a significant meeting."

Burlatskiy said that attending the summit with such a defeatist outlook could mean the meeting would have only a 50 percent chance of success. He added that it is difficult to have much hope that even such a significant summit would lead to complete detente. But, he noted, the meeting could lay a good foundation for improving Soviet-U.S. relations and for limiting the armaments race. The commentator also charged Washington with perpetrating a tough line in an attempt to undermine the Soviet Union.

Burlatskiy's commentary, observers said, indicates that Moscow does not entertain great expectations for the upcoming summit but hopes that the meeting will lay a new foundation for its relations with Washington.

#### SOVIET WRITERS DELEGATION VISITS SHANGHAI

OW192220 Beijing in Russian to the USSR 1800 GMT 18 Oct 85

[Text] On the morning of 18 October, Ba Jin, chairman of the China Writers' Association met the delegation of Soviet Writers led by Sergey Mikhalkov, chairman of the Board of RSFSR Writers' Union at the (Main Center) in Shanghai. The meeting took place in a warm and friendly atmosphere. Ba Jin warmly greeted the Soviet guests. He said: I am very glad to meet the first delegation of Soviet writers in over 20 years visiting China. The constant development and expansion of cultural relations between China and the Soviet Union contributes to strengthening and expanding friendship between the people of both countries.

Sergey Mikhalkov, on behalf of the Soviet writers' delegation expressed to Ba Jin sincere greetings and wishes for good health and long life.

During the meeting, Ba Jin presented the Soviet guests with copies of his books published in the last few years.

(Shao Yi), deputy chairman of the Shanghai branch of the China Writers' Association and well-known specialist for the study of Russo-Soviet literature, was present at the meeting. The Soviet writers arrived in Shanghai from Nanjing in the evening of 16 October.

FURTHER ON ANNIVERSARY OF CPV ASSISTANCE IN KOREA

## U.S. Urged To Leave Korea

OW221518 Beijing XINHUA in English 1500 GMT 22 Oct 85

[Text] Hamhung City, Korea, October 22 (XINHUA) -- Former Corps Commander of the Chinese People's Volunteers [CPV] Yang Chengwu urged the United States here today to withdraw its troops and military facilities from South Korea and leave the northern and southern parts of Korea to peacefully discuss reunification without interference.

Yang spoke to nearly 2,000 people from Hamhung City in South Hamyang Province who came to welcome the Chinese delegation, which arrived in Korea last Thursday to mark the 35th anniversary of the participation of the Chinese People's Volunteers in the Korean war. He stressed that the United States should stop interfering into Korean internal affairs. Yang praised the Korean Government's and Korean Workers' Party's efforts toward bringing about independence and peaceful reunification, and added that the Chinese people support the Korean people in the reunification of their fatherland.

Kim Hyong-chong, a ranking official of the South Hamyang Province, said at the rally that the current world situation demands more than ever that the two peoples of Korea and China strengthen their friendship and unity.

## CYL Group Departs for Pyongyang

OW221756 Beijing XINHUA in English 1619 GMT 22 Oct 85

[Text] Beijing, October 22 (XINHUA) -- A delegation of the Communist Youth League of China (C.Y.L.C.) left here for Pyongyang by air today to attend activities commemorating the 35th anniversary of the Chinese Volunteers participation in Korea's war against the U.S. aggression. The delegation is led by He Guangwei, member of the Secretariat of the Central Committee of the C.Y.L.C.

## CPV Families Group Feted

OW222359 Beijing XINHUA Domestic Service in Chinese 1547 GMT 22 Oct 85

[By reporter Gao Haorong]

[Text] Pyongyang, 22 Oct (XINHUA) -- The Central Committee of the Korea-China Friendship Association hosted a banquet here today to warmly welcome a delegation of family members of martyrs of the Chinese People's Volunteers [CPV], which is in Pyongyang to attend activities marking the 35th anniversary of the Chinese People's Volunteers' participation in Korea's war against U.S. aggression.

Among the delegation are Shao Hua, sister-in-law of martyr Mao Anying; Luo Diewan, uncle of martyr Luo Shenglie; martyr Yang Liedi's widow; martyr Shi Yuanhou's brother; and the nieces of martyrs Huang Jiguang and Qiu Shaoyun.

U Ki-nam, vice chairman of the Korea-China Friendship Association, said at the banquet that the great contributions made by the martyrs on the Korean battlefield represent a glorious page in Korean-Chinese friendship. They will always be remembered by the Korean people.



Liu Haijun, head of the delegation, spoke on behalf of the family members of martyrs. He said that the martyrs sacrificed their precious lives to safeguard world peace and the happiness of the people of China and Korea. The family members of martyrs are honored and take pride in having such loved ones.

The banquet was permeated with the cordial family atmosphere between Chinese and Koreans.

The delegation was warmly welcomed by U Ki-nam and several thousand Pyongyang citizens when it arrived this afternoon. Zong Kewen, Chinese ambassador to Korea, also went to the railway station to welcome the delegation and attended this evening's banquet.

DPRK GOOD-WILL DELEGATION PETED IN BEIJING

OW221758 Beijing XINHUA in English 1633 GMT 22 Oct 85

[Text] Beijing, October 22 (XINHUA) -- Han Kehua, director-general of the National Tourism Administration, tonight gave a dinner for a 15-member goodwill delegation from the Democratic People's Republic of Korea.

This is the second Korean goodwill delegation to visit China since the beginning of this year.

The visitors arrived here this morning at the invitation of the host administration. After their visit to Beijing they will go on their tour of Guilin, Guangzhou and Nanjing.

NAKASONE VIEWS 'FRIENDLY' TIES WITH PRC GUESTS

OW181646 Beijing XINHUA in English 1509 GMT 18 Oct 85

[Text] Tokyo, October 18 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone met here today a "mission of smile" -- the visiting Chinese caricaturist delegation headed by Hua Junwu, vice chairman of the Union of Chinese Artists.

In an easy and cordial atmosphere, Nakasone told Chinese guests he and Chinese Communist Party General Secretary Hu Yaobang often discussed bilateral issues between the two nations.

Commenting on the just ended second session of the 21st Century Committee for China-Japan Friendship in China's city of Dalian the prime minister voiced his hope that the friendly relations between the two nations will further advance towards the new century.

Hua Junwu, who is also a renowned caricaturist, noted that the delegation's visit is in conformity with the four principles guiding Sino-Japanese relations, namely, peace and friendship, equality and mutual benefit, mutual trust, and long-term stability.

In a good humor, Nakasone asked the Chinese and Japanese caricaturists to draw good portraits of him. Japanese caricaturist Ko Jimako and Chinese caricaturist Ding Cong sketched Nakasone on the spot. Feeling very delighted with the sketch, the Japanese prime minister had a picture taken with the caricaturists of both countries.

The Chinese delegation arrived here on Wednesday at the invitation of the Japan Caricaturist Association. They will also visit Nagoya, Kyoto, Osaka and other places before returning home on October 29.



JAPAN RALLIES MARK 'INTERNATIONAL DAY AGAINST WAR'

OW211904 Beijing XINHUA in English 1618 GMT 21 Oct 85

[Text] Tokyo, October 22 (XINHUA) -- Demonstrations and rallies were held today throughout (?Japan) to mark the "international day against war."

Demonstrators condemned the Japanese Government for increasing its defense expenditure and called for the elimination of nuclear weapons.

Organizations led by the Japanese Communist Party staged a rally in a Tokyo Park, [word indistinct] for removal of the U.S.-Japan security treaty. The "international day against war" has been observed in Japan every year since 1966.

TOKYO RALLY MARKS JAPAN-PRC AMITY GROUP ANNIVERSARY

OW181918 Beijing XINHUA in English 1839 GMT 18 Oct 85

[Text] Tokyo, October 18 (XINHUA) -- The Japan-China Friendship Association will strive to help the relations between the two nations advance along a correct course. Masao Shimizu, director-general of the association, said this at a rally held here today to celebrate its 35th founding anniversary. Shimizu pledged the association will firmly oppose the revival of militarism at any time.

A special delegation of the China-Japan Friendship Association headed by its Vice President Sun Pinghua attended the rally which gathered over 300 people of various circles.

In his speech, Sun noted the good Sino-Japanese relations at present is the precious result achieved through many people's painstaking efforts and the Japan-China Friendship Association has made great contributions and played an important role in the process. Sun urged that the two countries should make more concrete efforts to increase their peoples' mutual trust and to avoid anything that may harm their friendship or feelings.

Shunichi Suzuki, governor of metropolitan Tokyo, and Masayoshi Ito, president of the Japanese Dietmen's League for Japan-China Friendship, also addressed the rally.

ZHOU PEIYUAN MEETS MONGOLIAN FRIENDSHIP GROUP

OW191740 Beijing XINHUA in English 1650 GMT 19 Oct 85

[Text] Beijing, October 19 (XINHUA) -- Vice-Chairman Zhou Peiyuan of the Chinese People's Political Consultative Conference National Committee held cordial talks with a delegation of the Mongolian-Chinese Friendship Society led by its chairman, B. Muagmarjab, at a meeting here today.

The delegation arrived here on a goodwill visit October 13 at the invitation of the Chinese People's Association for Friendship With Foreign Countries and the China-Mongolia Friendship Association.

HONG KONG OFFICIAL ON OPPOSITION TO JENKINS BILL

OW181733 Beijing XINHUA in English 1654 GMT 18 Oct 85

[Text] Hong Kong, October 18 (XINHUA) -- A senior Hong Kong Government official here today urged U.S. business people in Hong Kong to step up their lobbying efforts against the Jenkins bill, now before the U.S. Senate.

Speaking at a luncheon meeting of the American Chamber of Commerce, Eric Ho, secretary for trade and industry, said that the bill was based on misinformation which sent a message of short-sighted misunderstanding to the world. "It is inimical to the interests of the United States, and her friends and trading partners in this region," Ho said. But he described as encouraging the fact that President Reagan and the U.S. Administration have set themselves against protectionism.

Meanwhile, John Yaxley, director of industry, said that the United States was by far Hong Kong's largest overseas investor and its principal export market.

According to official sources, the United States took 44 percent of Hong Kong's total exports last year. U.S. business people had always been confident in the future of Hong Kong as an attractive and profitable place, he said.

Speaking at the official opening of a new American manufacturing plant, Rochester Button, he said that the two-million-U.S. dollar investment in the plant was a further example of the continuing overseas interest in Hong Kong as a manufacturing base.

STATE COUNCILLORS MEET HONG KONG BUSINESSMAN

OW221442 Beijing XINHUA in English 1440 GMT 22 Oct 85

[Text] Beijing, October 22 (XINHUA) -- Chinese State Councillors Ji Pengfei, Gu Mu and Zhang Jingfu met and had cordial conversations with Tony Fung, chairman of the Sun Hung Kai Co. Limited on separate occasions here this afternoon.

NEW ZEALAND'S PALMER SAYS ANZUS SHOULD CONTINUE

OW220755 Beijing XINHUA in English 0704 GMT 22 Oct 85

[Text] Wellington, October 22 (XINHUA) -- New Zealand Government position is that ANZUS should continue and it has no plans to leave it, acting Prime Minister Geoffrey Palmer said yesterday.

Commenting on reports in Australian newspapers that Australia was preparing for the United States to abrogate its security commitment to New Zealand under ANZUS, he said his government hoped the ANZUS infrastructure would remain.

Palmer made it clear that his government expected Washington to come to New Zealand's defence under the ANZUS alliance if necessary, even though the Americans have declared the treaty to be inoperative because of New Zealand's ban on nuclear warships. Palmer repeated the government's argument that the ANZUS crisis had been caused by the Americans, not by his government's ban on ship visits.

Palmer also stated that the anti-nuclear legislation was being prepared and would be introduced as planned this year.

CPC TO STRENGTHEN TIES WITH AUSTRIAN COMMUNISTS

OW201523 Beijing XINHUA in English 1458 GMT 20 Oct 85

[Text] Vienna, October 19 (XINHUA) -- The Chinese Communist Party and the Austrian Communist Party have decided to strengthen their friendly relations and exchange visits.

The decision was made when Zhu Liang, vice director of the Central International Liaison Department of the Chinese Communist Party (CPC), had a four-hour talk this evening with Franz Muhri, chairman of the Austrian Communist Party (ACP) and other leading members of the ACP. This was the first contact between the two parties in 20 years.

During the talk, the two sides briefed each other on its own party's basic situation and exchanged views on the international situation and other issues of mutual interest.

Zhu Liang was invited to come here to attend the two-day Socialist International Conference on Disarmament on October 16 and 17.

FRG ECONOMIC BODY CALLS FOR COOPERATION WITH PRC

OW230830 Beijing XINHUA in English 0715 GMT 23 Oct 85

[Text] Bonn, October 22 (XINHUA) -- Heinrich Weiss, director of the China section of the Federal German Oriental Economic Committee, today urged Federal German enterprises to import more semi-finished products from China in order to keep trade at a balanced level between the two countries.

In a speech released in Koln, Weiss said Federal German enterprises, from a long-term point of view, should actively undertake joint ventures with China to maintain their position in the Chinese market. Indicators show, he pointed out, that the Chinese economy is growing steadily and China's new five-year plan includes cooperative projects attractive to Federal German economic circles. Several resolutions recently adopted by the National Congress of the Communist Party of China provide guarantees for the cooperation, he stressed.

PRC-BELGIAN PROTOCOL ON PORT COOPERATION SIGNED

OW181650 Beijing XINHUA in English 1513 GMT 18 Oct 85

[Text] Anvers, Belgium, October 17 (XINHUA) -- A protocol on cooperation between the Ports of Shanghai and Anvers was signed here today.

G. Derkinderen, president on the Antwerp Port Engineering and Consulting (APEC) and Yan Runtian, director of the Shanghai Port signed the document. Leo Tindemans, Belgian minister of external relations and Liu Shan, Chinese ambassador to the country attended the signing ceremony.

Tindemans paid a high tribute to the development of cooperation between the two countries. Yan said that with the establishment of ties between the two ports, the Shanghai Port can draw rich experience from the Anvers Port in the construction and management of harbors in order to modernize Shanghai Port installations.

The APEC, which was formed in 1977, has trained 178 Chinese technicians for containerization.

WARSAW PACT SUMMIT OPENS IN BULGARIA 22 OCT

OW221300 Beijing XINHUA in English 1254 GMT 22 Oct 85

[Text] Sofia, October 22 (XINHUA) -- A meeting of the Political Consultative Committee of the Warsaw Treaty member states opened here today. Present at the meeting, held four weeks before the summit between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan, are seven delegations headed by top leaders of the Soviet Union, Bulgaria, Poland, Hungary, Democratic Germany, Czechoslovakia and Romania. Commander-in-chief of the Joint Armed Forces of the Warsaw Treaty, Soviet Marshal Viktor Kulikov also took part in the meeting.

Well-informed sources said the meeting will discuss the developments in Europe since the end of the Second World War, the most pressing task for the member states to coordinate actions under the current international situation, and actions to defend the interests of the member states under the conditions of the continuing arms race. The sources said a joint document will be released at the end of the meeting.

DEFENSE OFFICIAL MEETS ROMANIAN MILITARY GROUP

OW211122 Beijing XINHUA in English 1111 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- Chinese Vice-Minister of Defence Xiao Ke met here today a military delegation from the Romanian Communication Corps led by its commander Lieutenant General Gheorghe Enciu. Xiao is also Standing Committee member of the Central Advisory Commission of the Communist Party of China. The delegation arrived here October 14 at the invitation of the Chinese Defence Ministry. It has toured Guangzhou, Shenzhen and Nanjing and is scheduled for home tomorrow.

PLA LEADERS ATTEND ROMANIAN ARMY DAY CELEBRATION

OW230836 Beijing XINHUA in English 0829 GMT 23 Oct 85

[Text] Beijing, October 23 (XINHUA) -- Romanian Ambassador to China Angelo Miculescu gave a film reception at the embassy here this morning in celebration of the Romanian Army Day. Among those attending were Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), Zhang Bin, deputy director of the General Logistics Department of the PLA, and Wu Shaozu, deputy director of the Commission of Science, Technology and Industry for National Defense. A documentary film about the Romanian Armed Forces was shown at the reception.

PRC, POLAND SIGN MINING PROTOCOL IN WARSAW

OW120826 Beijing XINHUA in English 0812 GMT 12 Oct 85

[Text] Warsaw, October 11 (XINHUA) -- Poland and China signed here today a protocol which envisages scientific and technological cooperation in coal mining beginning next year on a reciprocal basis. The protocol, signed by Chinese Vice-Minister of Coal Industry Ye Qing and Polish Vice-Minister of Mining and Power Janusz Bojakowski, said that the two sides discussed economic and technical matters concerning such cooperation and social and cultural exchange programs between coal mining departments of the two countries.

Ye, who heads a Chinese coal industry delegation, arrived in Poland a week ago, and was received by Polish Minister of Mining and Power Czeslaw Piotrowski today.



VICE PREMIER TIAN JIYUN ARRIVES IN ALGIERS

OW221930 Beijing XINHUA in English 1851 GMT 22 Oct 85

[Text] Algiers, October 22 (XINHUA) -- Chinese Vice-Premier Tian Jiyun said here today he will work together with Algerian leaders "for exploring new methods and ways of economic and technical cooperation" between China and Algeria. Referring to the two countries' relations marked by mutual confidence, he stressed that they would allow Sino-Algerian cooperation to have a broad perspective and develop on a solid basis in the fundamental interest of the two peoples. Tian said this when he and his party arrived here this afternoon for an official and friendly visit to Algeria at the invitation of the Algerian Government.

Speaking to the press, the vice-premier pointed out that the Chinese and Algerian peoples have established a great militant friendship in the anti-imperialist and anti-colonialist struggle and in the construction of their countries. "They have learned from each other, aided each other and created a fruitful cooperation between them," he said. He also recalled the mutual visits in 1982 by Algerian President Chadli Bendjedid to China and Chinese Premier Zhao Ziyang to Algeria. These visits "have pushed the relations of friendly cooperation to a new phase of development," he said.

Among those welcoming Tian at the airport were Boualem Benhamouda, member of the Political Bureau of the Party of the National Liberation Front and minister of finance, Zitouni Messaoudi, minister of light industry, and Chinese Ambassador to Algeria Lu Weizhao.

Talks With Industry Minister

OW230822 Beijing XINHUA in English 0642 GMT 23 Oct 85

[Text] Algiers, October 22 (XINHUA) -- Algerian Light Industrial Minister Messaoudi Zitouni and Chinese Vice Premier Tian Jiyun started talks here today on the reinforcement of Sino-Algerian cooperation. The two leaders discussed further bilateral cooperation in economy, technology, trade and culture. Their governments, they said, are willing to enhance the traditional and friendly relations between the two and to promote South-South cooperation. Further talks on Sino-Algerian cooperation will be held between experts of the two countries. Tian arrived in the Algerian capital this afternoon.

NPC DELEGATION LEAVES ON WEST AFRICAN TOUR

OW201803 Beijing XINHUA in English 1616 GMT 20 Oct 85

[Text] Beijing, October 20 (XINHUA) -- A delegation from the National People's Congress Standing Committee led by its Vice-Chairman Liao Hansheng left here by air this evening for a friendly visit to Cape Verde, Senegal and Sierra Leone.

In his written speech at the airport Liao said that China enjoys very good relations with the three African countries. He believed that the delegation's visit would surely strengthen mutual understanding and friendship between China and these countries. During the visit, Liao said, the delegation would attend inauguration ceremonies for a parliamentary hall in Cape Verde and a stadium in Senegal.

Seeing the delegation off were Wang Renzhong, vice-chairman of the NPC Standing Committee, and diplomatic envoys of the embassies of Senegal and Sierra Leone here.



TIAN JIYUN SPEAKS ON ADMINISTRATIVE REFORM

HK190906 Beijing RENMIN RIBAO in Chinese 17 Oct 85 p 4

[Article by Tian Jiyun: "It Is Imperative To Carry Out Administrative Reform"]

[Text] Editor's note: This article, which was originally carried by ZHONGGUO XINGZHENG GUANLI [China's ADMINISTRATIVE MANAGEMENT] in its issue No 3, is the excerpts of Vice Premier Tian Jiyun's speech at a meeting with people from various countries attending a symposium on reforming the merit system in the United Nations on 22 August 1985.  
[end editor's note]

At present our country is carrying out reform of the economic structure. As people can imagine, there will be many difficulties in the economic structural reforms in a comparatively backward country such as ours. This is because ours is a big country and there are many complicated situations. Each step of the reforms will affect the vital interests of the people and will thus be very delicate. Therefore, the task of reform is very arduous and is even risky in a certain sense. However, our experience in the past decades has shown that we must carry out such a reform in order to bring the superiority of the socialist system and the public ownership system of socialism into full play.

The reform can also be regarded as a revolution. As Chairman Deng Xiaoping, General Secretary Hu Yaobang, and Premier Zhao Ziyang have pointed out, our determination to carry out reform will not be shaken. However, we will be very careful and prudent when we take specific reform steps and measures in order to advance the reforms steadily. All major reform measures will first be tested before they are officially adopted in the country. Under no circumstances shall we go into headlong action in our reforms.

The reform of the economic structure in our cities is now going on smoothly in depth and in scope. This year, our government has adopted two major reform measures: The first is to reform prices and the second is to reform the wage system. The reforms in these two aspects are going on smoothly. These major reforms have a bearing on the interests of millions of people and must be prudently and properly arranged so as to prevent major social shocks. This has been achieved and the reforms are quite successful. The series of reform measures is now bringing about profound changes in our national economy.

In general, the reforms have ensured that China's economy will develop into a socialist planned commodity economy and have brought about a new situation in which economic development is sustained, steady, and well coordinated. As a result of the reforms, our economy is now full of vitality and is developing more vigorously. In the future, our economy will develop more healthily and in a more coordinated way. Our reforms have achieved good results. With the in-depth development of the reforms, more remarkable results will be achieved. The reforms will certainly be favorable to the development of the socialist system and will not shake or weaken this system. They will certainly consolidate rather than shake or weaken the socialist public ownership system. In a nutshell, all of our reform measures will just contribute to the further consolidation of the socialist system based on public ownership of the means of production and will never shake or weaken this system. Still less will they lead to capitalism. However, this does not mean that we will refuse to learn from other countries' advanced technologies and management experiences in connection with China's specific conditions.

With the in-depth development of our economic structural reforms, we have more and more deeply realized that our administrative management, including our administrative structure and our personnel management, is far from being suited to our economic foundation.

In the past we made explorations and experiments in reforming our administrative structure, but these efforts were not thoroughgoing. We are still short on experience. As compared with our economic reforms, our administrative reforms seem a bit backward and have not met the needs of our economic development. It seems that when our economic reforms enter a certain stage, we will have to reform our administrative structure and our personnel system.

In my view, the main problems in China's administrative management are as follows: First, there are too many overlapping administrative institutions and many of them are provisional organs. Second, the functions of various institutions have not been clearly defined. This has given rise to many problems of passing the buck. Third, our government institutions are often overstaffed, as there is a large population in our country. The jobs for one post are often shared by a number of functionaries. This phenomenon is described as a "human-sea tactic." Fourth, our work efficiency is low. This is not because Chinese people are clumsy in their work. The Chinese people are celebrated for their industry and wisdom. The existing administrative system, however, prevents our cadres from displaying their initiative in their work. Fifth, we lack a scientific and well established system for appointing, assessing, promoting, awarding, and punishing cadres and for cadres' retirement.

If the above problems remain unsettled for a long time, they will seriously affect and obstruct our economic development. Therefore, it will be necessary for us to carry out reform of the administrative structure and the personnel system. The Chinese Government has put the administrative reforms in its work agenda. At present we are studying and discussing ways to carry out reform in this regard.

#### STATISTICS OFFICIAL DISCUSSES ECONOMIC SITUATION

OW222227 Beijing XINHUA Domestic Service in Chinese 1145 GMT 23 Oct 85

[Text] Beijing, 22 Oct (XINHUA) -- Ma An, spokesman for the State Statistical Bureau, said that during the first 9 months of this year a fine economic situation prevailed in China with coordinated development in production, quickened tempo in capital construction, and brisk domestic markets. The overheated rate of growth in industrial production, investments in fixed assets, and consumer spending during the first 6 months of 1985 was brought under initial control in the third quarter. The state is now enjoying healthy economic growth.

At a press conference, Ma An emphatically introduced the situation in the following five fields:

1. Agricultural production is forging ahead in the course of making readjustments. Since the beginning of this year, the country's agricultural production pattern has been preliminarily readjusted. As a result, the sown acreage of grain crops and cotton has been reduced while the sown acreage of most of the cash crops has increased greatly. According to an initial estimate, this year's output of grain and cotton will be less than last year because of the readjustment of the agricultural structure and natural disasters, such as waterlogging in the north, drought in the south, and typhoons. Meanwhile, the output of oil-bearing crops, sugar, hemp, tobacco, and other cash crops will increase greatly. The output of meat, milk, and aquatic products are all likely to increase.

2. Industrial production will grow in a coordinated manner. The total industrial output value from January to September this year was 614.2 billion yuan, an increase of 21.1 percent over that of the same period last year.

The extremely high rate of growth in industrial production has begun to slow down each month since July. The characteristics of industrial production in the first 9 months of this year are as follows:

- A. The growth of light industry has surpassed that of heavy industry.
  - B. Due to the control in the investments in fixed assets, the output of heavy industrial products, especially machinery, has markedly fallen in the third quarter, while light industrial production, especially of consumer durables, registered a fairly large increase.
  - C. The energy and raw materials industries have developed steadily.
  - D. Economic results have been improved. The trend of deteriorating production quality has been initially placed under control, and the quality of products has begun to improve.
3. The capabilities in transportation and communications have been greatly increased. Compared to the same period last year, the volume of passenger and freight rail traffic from January to September rose by 3.6 percent and 5.3 percent respectively. The volume of cargo handled at seaports has increased by 12.8 percent, while the volume of waterway cargo in the transportation industry has increased by 8.8 percent.
  4. The scale of capital construction projects has been placed under control, while work on key construction projects has been accelerated. The investments made by the state-owned units during the first half of this year in the capital construction projects that were completed rose by 43.5 percent over investments in the same period last year. The rate of growth has begun to decrease each month since the beginning of the third quarter of this year. Of the 169 key projects set by the state, China has already fulfilled 70.4 percent of the annual plan of investments in capital construction projects, which is higher than the 58.1 percent set by the state plans for completion.
  5. The rural and urban markets remain active, while the people's savings deposits increase. The retail sales in the first half of this year increased by 29.5 percent. Due to the control of consumer spending, the growth rate has begun to drop gradually since the beginning of the third quarter. China's retail sales in the first 9 months of this year soared 27.2 percent over the same period in 1984 to 303.9 billion yuan. The rural and urban markets were full of activities during the first 9 months of this year. The volume of retail sales of many commodities has increased greatly. Consumer durables have been in big demand on the retail market. As of the end of September this year, savings deposits totalled 150.99 billion yuan -- 29.5 billion yuan more than at the end of 1984.

On the basis of the reform of the price structure, China has readjusted and decontrolled the price of some of the commodities, mainly including meat, vegetable, and aquatic products. Throughout the country, the general retail price level from January to August rose by 7.7 percent over the same period of last year. Large and medium-sized cities have, for the most part, registered fairly large increases in commodity prices. In big cities, with more than a million inhabitants, the general retail price level rose by 11.1 percent. Before and after the price readjustments, the market has remained quite stable. This situation helps promote the production of meat, vegetable, and aquatic products.



The spokesman for the State Statistical Bureau pointed out: Right now, to develop the economy, we must continue to control the scale of investments in fixed assets and the growth rate of consumer spending and increase the production and supply of light and textile industrial products as well as that of meat and vegetables in order to meet the demands of the market for the new year and the Spring Festival.

GUANGMING RIBAO ON SEPARATING OWNERSHIP, MANAGEMENT

HK220923 Beijing GUANGMING RIBAO in Chinese 5 Oct 85 p 3

[Article by Chen Wentong: "A Tentative Discussion on the Relative Separation of Ownership From Management"]

[Text] The "decision of the CPC Central Committee on reform of the economic structure" points out: "As Marxist theory and the practice of socialism have shown, ownership can be duly separated from the power of operation." This is a major breakthrough in the theory of socialist economy. It provides us with the key to properly handle relations between the state and enterprise and correctly understand the inevitable existence of the socialist commodity economy. Therefore, it will be of great theoretical and practical significance to profoundly study and examine this issue.

The Connotation of Relative Separation of Ownership From Management

Ownership is the legal expression for a system of ownership. However, ownership in the legal sense alone has no practical significance for the owner. Ownership should be construed as the right to continuously possess the material goods through actual production relations. It should also be regarded as constantly reproducing such rights economically. Power of operation is nothing but an objective condition that allocates labor by certain means of production, so as to perform its functions in the course of reproduction and to possess the production results. It would be inappropriate to regard power of operation as a factor merely capable of allocating the means of production and making certain policy decisions in production activities. Like ownership, power of operation should also be realized economically. In this respect, both ownership and power of operation possess production results, namely products, by using certain production relations.

Ownership and power of operation, nonetheless, are different from each other. They can be separated under certain conditions. The difference between ownership and power of operation lies in the varying methods of possessing production results. Leaving the form of production relations aside, ownership obtains production results by monopolizing production means, while power of operation obtains production results by performing the functions of the means of production in the course of reproduction. Therefore, the relative separation of ownership from power of operation is actually the separation of ownership of the means of production from the role played by the means of production in the course of reproduction. In the form of personification, it is the separation of the owners of the means of production from the functions of operation and management in the course of reproduction.

Separation of ownership from the power of operation in different forms and in varying degrees constitutes different operational methods. In the final analysis, the question of operational method is a question of ownership. If ownership is simply regarded as the possession of means of production, there would be no new meaning to ownership. Nevertheless, all operational methods are but specific methods of production and possession. A certain operational method is a specific manifestation of certain ownership relations. It belongs to a specific level in the ownership relations. Changes in operational methods are bound to lead to changes and readjustments in the internal structure and ownership relations within a certain limit.

Proceeding from this viewpoint, state management under state ownership, independent enterprise operation under state ownership, and operation by collectives or individuals based on lease or contracts under state ownership as prevails currently in China are all different strata of the ownership system.

#### The Basis of Relative Separation of Ownership From Power of Operation

Under the socialist system, separation of ownership from power of operation is determined by the characteristics of the socialist system of ownership by all the people. The current system of ownership by all the people is an elementary, imperfect, and immature form. This is what we call "imperfect whole people." This characteristic of ownership by all the people provides the economic basis of the relative separation of ownership from power of operation.

Looking at present conditions in China, on the one hand, a large share of the means of production (funds) is not directly possessed by society and ownership by all the people is only a leading element of the entire national economy. On the other hand, on the whole, and according to law, there are differences between the owner and the actual possessor and operator when you are talking about ownership by all the people. These differences are internal contradictions that can be solved by means of state ownership adopted by ownership by all the people. As a socialist country is the representative of the people, state ownership and ownership by all the people are different merely in name.

As for economic relations of state ownership and ownership by all the people respectively, there are some qualitative differences between the two. Imperfect ownership by all the people, that is, state ownership itself, already separates ownership from power of operation. As the representative of all members (people) of society, the state is the owner of social wealth and the means of production, while each individual can become an owner only through the state serving as an intermediary. Such ownership relations should be realized economically.

As a collective body, combine, or community of some laborers, an enterprise is the actual owner and direct operator of the means of production in society. Within an enterprise, it is also necessary to economically enable the laborers to become operators. If the state, as an owner, directly operates an enterprise, the laborers of that enterprise are at least "employees" of the state in form. In an enterprise directly managed by the state, the laborers are neither owners nor independent operators of the enterprise.

If actual economic relations are determined by the nature and level of actual productive forces, separation of ownership from the power of operation should also be ultimately determined by the conditions surrounding China's productive forces. The lower the level of social productive forces, the more labor is regarded as the means of livelihood, and the more laborers regard their labor as a natural privilege and as their own wealth. Moreover, if there are vast differences in labor productivity between enterprises, the laborers of the enterprises with a relatively high labor productivity will regard such labor productivity as a privilege. If society disregards the vast differences in enterprise labor productivity and attempts to carry out direct distribution in light of the actual amount of labor consumed (like the 8-grade wage system in the past); laborers of the enterprise will not make any effort to increase labor productivity. To determine the different levels of labor productivity, enterprises must carry out independent accounting, in which the state should not directly meddle. If the inevitable separation of ownership from power of operation in socialist society is ultimately determined by socialist productive forces, it originates from the demands of uneven and relatively low-level mass production rather than a high-degree of mass production.



### The Forms of Separation of Ownership From Management

When there is a relative separation of ownership from power of operation, the economic relationships of the socialist economy owned by all the people can be examined according to the following: First, relations between the state and enterprise; and second, relations among enterprises.

The relationship between a socialist state and its enterprises is, in essence, a relationship between a big economic combine of the society as a whole and various other sectors and the laboring people, who are masters of the country. Due to the relative separation of ownership from power of operation, the relationship between the state and enterprises is expressed in a special lease and credit form. Under the relative unification of ownership and management, surplus products of enterprises were wholly possessed by the state. Economic connections between the state and enterprises were expressed in financial allocation and delivery of profits. So long as ownership is not completely unified with power of operation, the economic realization of ownership will be inevitably expressed in the form of land rent (including rent) and interest. Land rent is expressed in the realization of land ownership, while interest is expressed in the realization of capital ownership.

Under the socialist system, so long as the means of production owned by the state can be used by paying rent, lease and contract methods are applicable to small enterprises, as well as to various kinds of other enterprises owned by all the people. As a result, the state's ownership of urban land can be realized in the form of land rent, while the state's ownership of fixed assets, including factories and residential houses, can be realized in the form of rent.

Interest was long ago adopted extensively in the socialist economy. In addition, financial allocation was changed to bank loans in the course of economic reform. This shows that interest is an important form in realizing state ownership. It should be explained that forms of credit are suited to the form of currency and funds, as well as to the form of fixed assets, namely, fixed assets calculated according to a certain amount of currency.

The relative separation of ownership of the means of production of the socialist enterprises owned by all the people from their power of operation is bound to turn relations among socialist enterprises owned by all the people into relations of a commodity economy. In turn, socialist enterprises owned by all the people can become truly independent economic entities and producers and managers of socialist commodities that carry out independent operation and assume sole responsibility for their profits and losses. This occurs only under the condition of relative separation of ownership from power of operation.

### STATE COUNCIL OFFICIAL ON INDUSTRIAL SURVEY

OW161201 Beijing XINHUA Domestic Service in Chinese 0733 GMT 13 Oct 85

[Excerpts] Beijing, 13 Oct (XINHUA) -- The State Council has decided to conduct the second nationwide general industrial survey during the first quarter of 1986. A XINHUA reporter interviewed a responsible person of the State Council's leading group for nationwide general industrial surveys a few days ago and asked him to answer some questions about the general survey.

Question: What is the purpose, significance, and basic mission of the general industrial survey?

Answer: This general industrial survey will be a major survey of conditions and potentials in China. It will serve as an important foundation for carrying out the socialist modernization drive. China conducted its first general industrial survey in 1950. The contents of that general survey were rather crude. No further general industrial surveys have been carried out in the 30 and more years since then. All we have done is to periodically collect and compile data to be published monthly and in annual statistical reports on industry, using them to reflect the situation of the industrial economy. But many of the data are incomplete. This is not the way to meet the need of objective development. Now China has entered a new period of development in its socialist construction. To realize the splendid goal set forth by the 12th CPC National Congress, many major problems in the industrial sector must be solved. To study and solve these problems and make policy decisions, the first requirement is to have a clear picture of the situation. The complex phenomena in the industrial economy call for both quantitative and qualitative analysis. Therefore, in macroeconomic terms, the coming nationwide general industrial survey will serve the reform of the economic structure called for by the party Central Committee. It will serve the purpose of drawing up long-term plans and carrying out technical transformation in a planned and selective manner, and serve macro-economic control.

With the coming general industrial survey, data bases will be established across the country enabling the laying of the initial foundation for the modernization of information on the industrial economy. In short, the successful completion of the general industrial survey will be of very great significance for achieving all-round improvement of industrial economic management and enterprise quality and for speeding up the modernization of industry.

Summing up, the basic purpose of the coming nationwide general industrial survey will be two-pronged. First, in macroeconomic terms, the general survey has the purpose of getting a clear picture of the basic situation in China's industry and providing fairly comprehensive, detailed, and systematic data about the basic industrial economy for the benefit of departments in charge of the economy. In addition to securing an overall picture of the industrial economy, including of production, supply, marketing, manpower, and financial and material resources, the general survey will stress these four points: The internal structure of industry, the technical conditions of industrial equipment, the quality of workers and staff members, and economic results. Second, in microeconomic terms, the general survey has the purpose of obtaining a clear picture of the basic situation in every industrial enterprise and improving its basic statistical, accounting, and economic accounting work. It will be a survey of the conditions and potentials of factories.

Question: What are the targets of the general industrial survey, and what will be its main content?

Answer: The target of the coming general industrial survey will be the entire industry. This includes industrial enterprises of all economic categories that are independent accounting units (that is, state-owned industries, collectively owned industries including those run by townships and neighborhoods, Chinese-foreign jointly operated enterprises, as well as enterprises operated with foreign investment). It will also include industrial production units that are not independent accounting units, village-run industries, and individually operated industries. The content of the coming general industrial survey will be more comprehensive. It will cover production, sales, and inventories of enterprises, new products and product quality, industrial production equipment and production capacity, industrial technical and economic indexes, energy and raw materials consumption, payment for labor, financial costs, prices of industrial products, development and utilization of mineral resources, and technological development of industrial enterprises.

Question: How will the general industrial survey be carried out?

Answer: The nationwide general industrial survey will be conducted in three stages. Nineteen eighty - five will be the stage of making preparations. The first quarter of 1986 will be the stage of carrying out the actual survey. The period from the second quarter of 1986 to 1988 will be the stage in which the data obtained in the general survey will be brought together, sorted out, analyzed, and studied.

HONGQI REVIEWS BOOK ON MARXIST PARTY THEORY

HK221446 Beijing HONGQI in Chinese No 18, 16 Sep 85 p 49

[Article by Su Caiqing and Dai Guagtian: "Study Some Marxist Party Theory -- Recommending 'An Outline of Marxist Party Theory'"]

[Text] Since the promulgation of the "Communist Manifesto," the Communist Party has seen more than 130 years of existence and development. In the last 100-plus years, the Communist Party has developed from a very small organization to a huge political force on a world scale. It has also become the ruling party in our country and in some other countries. In order to preserve the ruling party's great vitality and fighting capacity, it is necessary to study and research Marxist party theory.

What, then, is Marxist party theory? What basic principles are involved in this theory? How did these principles emerge, grow, and develop? Which outstanding contributions did Mao Zedong and the other proletarian revolutionaries of the older generation make in regard to Marxist party theory? Which of Mao Zedong's theories on party building has the party Central Committee in the new period enriched and developed? The book "An Outline of Marxist Theory on Parties," jointly authored by Weiping [1728 5588 5493] and Zhang Liejun [1728 0441 6511] and published by Gansu People's Publishing House, answers and discusses these questions. This book, which systematically discusses Marxist Party theory, uses simple and succinct language and should be read by party cadres at all levels and by teachers and researchers in party building.

This work has three major characteristics:

1. It is scientific. In the introduction, the authors discuss what Marxist party theory is. They believe that party theory is a science concerning the emergence and development of proletarian political parties and the patterns of party building. It is a science of the leading position and role of the party and how it realizes correct leadership. The writers hold that as long as the Communist Party exists and develops, this science will remain vital and lively. At the same time, they stress that this science is an important component of scientific socialism. However, as it has its own special research targets and fields, it has already formed a largely complete theoretical system and thus it can be studied as a relatively independent science. When discussing the basic principles of party building, this book closely links it with the historical conditions of the times, then summarizes and draws conclusions in a seek-truth-from-facts way. This allows people to see that Marxism-Leninism-Mao Zedong Thought has the characteristics of the times in which they appeared with regard to the basic principles of party theory.

2. It is systematic. The writers, by coordinating the work with the needs of party building courses in party schools, systematically introduce the process by which Marxist party theory emerged, formed, and developed. The book simply and concisely explains the characteristics of Marxist party theory during different periods. The authors believe that Marx and Engels laid down the theoretical base for party theory, that Lenin and Stalin established a new integrated proletarian political party theory, and that Mao Zedong and other proletarian revolutionaries of the older generation creatively developed Marxist-Leninist theory.



They believe that since the 3d Plenary Session of the 11th CPC Central Committee, the party Central Committee has newly enriched and developed Mao Zedong's theories on party building. The basic principles put forward by the revolutionary teachers systematically answer a series of important theoretical questions, such as why the proletariat needs to establish a party, what sort of party they need to establish, and how they are to establish it.

3. It is practical. Throughout the book, it is stressed that Marxist party theory comes from the practice of party building. It is a theoretical summation of the experiences gained in party building, and in turn guides the party in party building. In writing this book, the authors stressed both historical fact and practice. They pay attention to discussing the principles of guiding significance in party building from eight angles, and the enrichment and development of these principles by the party Central Committee since the 3d Plenary Session of the 11th CPC Central Committee. Readers will find this of practical significance as well as enlightening.

Throughout the book, history and discussion are combined, each interwoven with the other. The contents are rich, the arrangement well-organized, and both are distinctive. However, there are restrictions in terms of space, and some of the introductions given to famous works on party building are too abbreviated. It is also lacking in terms of insufficient introductions of the party building experiences of proletarian political parties throughout the world. It is hoped that the authors will remedy these matters when the book is revised.

RENMIN RIBAO: ESTABLISHING NEW PRACTICE FOR CADRES

HK190940 Beijing RENMIN RIBAO in Chinese 16 Oct 85 p 1

[Commentator's article: "Make Further Efforts To Establish a New Practice Under Which Cadres Can Work at Higher or Lower Levels"]

[Text] The policy decision of the National Conference of Party Delegates to partially readjust the members of the central leading organs and to further realize the succession of new cadres for old in the core of central leadership has not only fully demonstrated the noble character of the long-tested veteran party comrades who have shown great foresight, have the overall situation in mind, and are bold in abolishing the old and establishing the new, but has also highlighted the determination of the whole party and the people throughout the country to speed up the "four transformations" of leading bodies at all levels and the reform of the cadre system. It is imperative to abolish the system of life tenure for leading cadres and to establish a new practice under which cadres can work at higher or lower levels.

At the National Conference of Party Delegates, Comrade Hu Yaobang pointed out; "The tasks facing our party can be summed up as follows: Unite in struggle and carry out a great plan." In order to provide an organizations guarantee for the smooth implementation of the Seventh 5-Year Plan, we should continue to unswervingly implement the principle of the "four transformations" of cadres and to closely integrate the work of readjusting the leading bodies in good time with the abolition of life tenure in leading posts and with the establishment of a new practice under which cadres can work at higher or lower levels. This makes it necessary for us to firmly foster correct ideas suited to the great and profound changes in the new period and to use these ideas to guide our actions.

First, it is necessary to foster the idea of consciously working in accordance with objective laws. The great communist cause can be realized only through the sustained struggle of people of many generations. We should always have forerunners to clear the way and to do pioneering work and successors to carry forward the revolutionary cause and to forge ahead into the future; otherwise our cause will inevitably suffer setbacks or reversals.



What is to be done then? Comrade Chen Yun explicitly pointed out: "An orderly system of succession for cadres will ensure that there will be an orderly succession of cadres in the Communist Party from generation to generation." As loyal communist fighters, we must heighten our awareness based on a correct understanding of the objective laws and cultivate our ability to apply these laws correctly. Only when the whole party, with the leading cadres at all levels in the forefront, conscientiously promote the succession of new cadres for old and their cooperation will it be possible for the grand objective in the new period and the ideal of communism cherished by all people to be ultimately realized through the concerted and continuous struggle of the people from one generation to another.

Second, it is necessary to foster the idea of serving the people wholeheartedly. How should we judge whether a party member or a cadre has genuinely fostered this idea? Engaging in selfless labor and seeking no private gain can be used as a yardstick. Naturally, the most important yardstick is whether he can conscientiously subordinate his personal interests to those of the party and the people and display a spirit of dedication when his personal interests are in contradiction with the interests of the party and the people. Our cadres are servants of the people. The leading cadres must serve the people better. When the people confer certain powers upon us, we should be devoted to our duty and try our best to serve the party and the people. When the party and the people want us to leave the leading posts, we should set store by the interests of the party and the people and take the lead in setting an example of being able to work at higher or lower levels. On the questions of promotion or demotion and of gain or loss, Communist Party members should never ask the party and the people to obey them. All leading cadres should regard it as their bounden duty to work at higher or lower levels according to the needs of our cause.

Third, it is necessary to uphold the idea of progress and reform. From the day he joins the party, a Communist Party member must dedicate his life to the struggle for the progress of human society. It is our historic responsibility to consistently uphold progress and overcome backwardness. At a time of great changes, it is even more necessary to resolutely support all reforms that propel the society forward and strengthen party building. Naturally, these reforms also include abolition of life tenure for leading cadres and acceleration of the "four transformations" of cadres. When the reforms reach some backward practices to which we are accustomed, we should be bold in representing progressive ideas and take the lead in getting rid of the old to make way for the new. Only by keeping in step with the great era and preventing our ideas from stagnating is it possible for us to preserve the progressive character of Communist Party members, to uphold the new practice that revolutionaries of the older generation have established by their own examples, and to carry the new practice forward forever.

#### COLLEGE STUDENTS VOICE SUPPORT FOR PARTY POLICIES

OW220421 Beijing XINHUA Domestic Service in Chinese 0920 GMT 21 Oct 85

[By reporter He Ping]

[Excerpts] Beijing, 21 Oct (XINHUA) -- What are the bounden historic duties of youth and students today? Student representatives from some colleges in Beijing and other localities answered this question at a forum sponsored by the CYL Central Committee and the All-China Students Federation. Their answer:

-- To put the interests of the party and the people first conscientiously and on our own initiative, and breathe the same air and share the same destiny as the party and the people;

-- To resolutely support the reform and actively safeguard the political situation of stability and unity; and

-- To turn our deep love for the motherland into actions, study and work hard in order to become talented persons, make our country strong and prosperous, and rejuvenate our nation; we must prepare ourselves to make contributions to the building of a modern and powerful socialist country with Chinese characteristics.

In order to exchange information and experience in studying the guidelines of the National Conference of Party Delegates, the CYL Central Committee and the All-China Students Federation yesterday invited student representatives of Beijing University, Qinghua University, the People's University of China, Beijing Normal University, University of Political Science and Law of China, the University of Science and Technology of China, and Tianjin University to a forum.

The student representatives held: The current situation is one of the best since the founding of the People's Republic. The line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee have been correct and successful. In particular, the recent National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee have accelerated the succession of new members from the old in central leading organs and ensured stability and continuity of the party's Marxist line. The proposal on the Seventh 5-Year Plan put forward by the party Central Committee has laid a good foundation for China's rapid economic development. As today's youth and students, we should correctly understand the situation; consider the interests of the whole; abide by discipline; resolutely support the party Central Committee's policies concerning reform invigorating the domestic economy, and opening to the outside world; and contribute to the consolidation and enhancement of the excellent situation and to the maintenance of a political situation of stability and unity.

Liu Yandong, member of the Secretariat of the CYL Central Committee, made a summation at the forum. She said: Youth and students are always willing to stand in the forefront of the times, and they are one of the forces promoting social progress. Living in such an era and situation, they shoulder heavy historic responsibilities. Their responsibilities are to stand in the forefront of the times; work under party leadership; resolutely and firmly support the party's principles and policies; and in particular, fully prepare themselves in ideology, knowledge, and ability to build a modern and powerful socialist country with Chinese characteristics. Liu Yandong pointed out that in order to fulfil these historic responsibilities, youth and students must make firm efforts in several respects: First, they must study hard and become talented persons contributing to the prosperity of the motherland and the people and become a new batch of socialists with lofty ideals, moral integrity, education, and sense of discipline. Second, they must correctly understand the situation; support reform; conscientiously implement the party's principles and policies; correctly handle the relationship between partial interests and overall interests, between individual interests and collective interests, and between immediate interests and long-term interests; and play their proper role in promoting smooth progress of reform. Third, they must keep the interests of the whole in mind and make positive contributions to consolidating and enhancing the political situation of stability and unity.

Also invited to the forum were Yuan Baohua, vice minister of the State Economic Commission and president of the People's University of China; and Fu Hao, vice chairman of the NPC Foreign Affairs Committee. They made reports on the domestic economic situation and the international situation based on their experience in studying the guidelines of the three recent meetings.

Li Keqiang, alternate member of the Secretariat of the CYL Central Committee, presided over the forum. Liu Nengyuan, president of the All-China Students Federation, attended the forum.

RENMIN RIBAO ON CPC'S LITERATURE, ART POLICY

HK140428 Beijing RENMIN RIBAO in Chinese 14 Oct 85 p 7

[Commentator's article: "Maintain the Stability of Party Policy on Literature and Art"]

[Text] The recent National Conference of Party Delegates called on us to pay serious attention to the building of spiritual civilization in order to make our people have lofty ideals, moral integrity, good education, and a sense of discipline, and to closely link this with the structural reforms and our routine work in economic construction for the four modernizations so as to develop our party's ideological and political work and to create a new situation in this field. As a component part of the socialist spiritual civilization in the new period, our literature and art work should also be better adapted to the needs of the times and the people, should be more vivid and impressive, and should be more greatly developed and brought to a new level. We should develop the good situation on the literature and art front and should make our socialist literature and art more prosperous. An important point that we must first ensure in order to achieve that purpose is to firmly implement the series of principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee and to maintain the stability of the party's policy on literature and art.

To maintain the stability of the party's policy on literature and art, we should first have a correct assessment of the situation in these fields. Only by correctly observing the situation can we correctly determine our struggle orientation and our principles and policies. Since the 3d Plenary Session of the 11th CPC Central Committee, our literature and art front has made great achievements, and our socialist literature and art have rapidly developed to an unprecedented degree. Outstanding works have been emerging continuously, promising new writers and artists have been coming forth in large numbers. The new generation has been vigorously acting on the stage of literature and art. In the new socialist period, our literature and art, which are full of vigor, have been playing a great role in helping the people profoundly understand our past, our present, and our future, in charting the brilliant future of our country and our people, in encouraging the people of all nationalities in our country to strive for the four modernizations with one heart and one mind and to carry out reforms with full confidence, in helping the younger generation establish lofty ideals and attain a lofty realm of thought, and in enriching the cultural life of the public. The party central leadership has fully reaffirmed the achievements and contributions made by the literature and art front on many occasions.

However, the arduous and grand mission entrusted to us by history is, while developing our socialist material civilization, to build a high degree of socialist spiritual civilization and raise our literature and art to the highest level in history and in the world. In this regard, we are still far from making sufficient efforts and scoring remarkable achievements. Our actual work in literature and art is still far from meeting the requirements of our times, and we are still confronted with many obstacles. We have a lot of things to do in order to eliminate the pernicious influence of "leftist" ideology and to implement the party's policy on literature and art, and we have yet to carry out a more effective struggle against the corrosive influence of capitalist and feudalism ideology. In our society, including in the field of our literature and art, some unhealthy things still exist, some apparent evils are even spreading and are radiating a corrosive influence. Under these circumstances, our literature and art workers are particularly required to adhere to the party's four basic principles, continuously strengthen their sense of socialist responsibility, be more conscientious in implementing the party's policy on literature and art, and take the building of socialist spiritual civilization as their sacred duty.



In his speech at the National Conference of Party Delegates, Comrade Deng Xiaoping reiterated the party's principles and policies toward ideological and cultural work and pointed out that ideological, cultural, educational, and public health departments should take social benefit as the sole criterion for their activities and that the ideological and cultural circles should produce more fine intellectual products. The party central leadership's constant principle for guiding literature and art is to fully affirm the achievements of the literature and art front and at the same time lay down strict requirements. Every year, the central leadership affirms the achievements, points out the deficiencies, and puts forward the requirements. This is an important sign of policy stability.

To maintain the stability of the party's policy on literature and art, we should also encourage literature and art workers to make unremitting efforts to strive for new achievements and to make new contributions. Socialist literature and art work is a component part of the party's work on the ideological front and is also a component part of our socialist spiritual civilization. The intellectual products brought about by literature and art creation exert an imperceptible influence on people's thinking, values, morality, sentiments, and ethical standards. Therefore, we should always pay attention to the social effect of our intellectual products. Writers and artists should make efforts to produce more fine intellectual products and create more outstanding works of higher quality so as to educate and inspire the people, to enable them to enjoy beautiful things, and to raise their thoughts to a higher realm through the influence of artistic images. Good works will also help people strengthen their confidence and prompt us to more firmly implement the party's principles and policies toward literature and art.

The maintenance of the stability of the party's policy on literature and art is the fundamental guarantee for promoting the prosperity of literature and art creation and for advancing our literature and art work. We believe that the leading departments in charge of propaganda and cultural work and comrades in these departments will fully realize the mission on their shoulders. On the one hand, they should firmly implement the party's correct principle of "letting a hundred flowers bloom and a hundred schools of thought contend," guarantee the freedom of creation of writers and artists, and warmly support and help the continuous emergence of good works and promising writers, including those new writers who have not yet matured. On the other hand, they should continue to eliminate the influence of "leftist" ideology that has harmed and disrupted our literature and art work for a long time, and, at the same time, resolutely resist the spread of bourgeois liberalism and ban the production, import, and circulation of bad products. It is necessary to strengthen and improve the party's leadership over literature and art. We oppose the bureaucratic attitude of being indifferent, inert, and perfunctory; we also oppose the evil practice of arbitrarily and rudely interfering in literature and art creation. Our writers and artists should cherish the present good situation, which has not come easily, and should continue their bold and useful explorations on the basis of the great achievements they have made by adhering to the party's policy for opening up so as to boldly break new ground and develop socialist literature and art with Chinese characteristics.

It is hoped that our writers and artists will seriously study Marxism-Leninism, study the series of principles and policies of the party for the new historical period, take an active part in the cause of the four modernizations and in the struggle for social reforms, and plunge into the surging seas of the lives of the people to absorb nourishment and to find thoughts, materials, subjects, and inspirations for their creation. Only by closely linking their work and life with the destiny of the motherland and by sharing weal and woe with the people and living among the people will writers and artists be able to scale new heights in literature and art. If they dodge social contradictions and divorce themselves from the times and the people, they will hardly achieve successes in their creative work. "Although they may display some skills in writing, they will not score epoch-marking achievements." All intellectual products must be tested by time and the people. We should make efforts to create good works that will stand the test of time and the people.



To maintain the stability of the party's policy on literature and art, we must unswervingly implement the series of Marxist principles and policies formed by the party toward literature and art since the 3d Plenary Session of the 11th CPC Central Committee, and must prevent any vacillation in this regard. Literature and art creation is a kind of complicated mental work. In the course of making successful explorations to develop and create new things, it is unavoidable that some errors may appear. When dealing with such matters, we should resolutely follow the party's policy on literature and art and should seriously ensure the freedoms stipulated by the Constitution and other laws. In the matter of literature and art creation, it is necessary to maintain and guarantee freedom of creation that Comrade Hu Qili once again stressed on behalf of the party central leadership at the Fourth National Congress of the Chinese Writers' Association. We should apply the viewpoint of Marxism to correctly approach the new questions appearing in the practice of literature and art, and should act as Comrade Deng Xiaoping pointed out: "With regard to erroneous ideological tendencies, we should adopt a policy of persuasion and education, and refrain from political movements and 'mass criticism.'" We advocate that in the handling of issues concerning literature and art thought and literature and art creation, heart-to-heart talks and literature and art commentaries should be made so as to give full play to reasonable criticisms and self-criticisms. In this process, anti-criticisms should also be allowed. By means of realistic and reasonable criticisms, discussions, and debates, we will achieve the purpose of standing up for the truth, correcting mistakes, uniting comrades, and making concerted efforts to strive for the common goal.

"Perserving in reform and advancing vigorously" are important conditions for the successes in our cause of modernization, and are also important conditions for the prosperity of our literature and art. Our literature and art have a broad and bright future. As long as we, under the guidance of the party's policies on literature and art, after being inspired by the spirit of the National Conference of Party Delegates, can have a clear sense of orientation and firm confidence in our work and can make joint efforts in our brave practice to break new ground, we will certainly be able to create a new situation in our socialist literature and art in the new period!

#### SYMPOSIUM ON CLASSICAL NOVEL CLOSES IN GUIYANG

OW201330 Beijing XINHUA in English 1314 GMT 20 Oct 85

[Text] Guiyang, October 30 (XINHUA) -- A national symposium closed here Saturday showed study of a classical Chinese novel, "A Dream of Red Mansions", become more diversified, according to the experts attending the meeting. The six-day symposium was told that some have studied the classical novel from the angles of aesthetics, philosophy, ethics, linguistics and literature, while some have specialized in research of architecture, traditional Chinese medicine, dramas, paintings, trappings and cuisine described in the novel.

They also applied modern processes and theories such as comparative literature, systems science, informatics, cybernetics and computer in study of the novel.

The novel, written by Cao Xueqin in the mid-18th century, epitomized the society of Qing Dynasty (1644-1911), the last feudal regime in China, through description of the decline of a noble family. The skillful writing integrated features of Chinese poetry, prose, painting, sculpture, music and architecture.

Experts reported that study of the classical novel has flourished in recent years. More than 200 papers and books devoted on the study were published each year, and the majority were contributed by young and mid-aged researchers, with the youngest 22 years old, who account for 90 percent of the 300 members of the Chinese society for the study of "A Dream of Red Mansions."

This has been the fifth national symposium on the classical novel since the society was set up in October of 1980. The symposium received 92 papers, more than the figures submitted to any of the previous ones. The society also disclosed that the University of Wisconsin of the United States and the Harbin Normal College of China will jointly sponsor an international symposium on the classical Chinese novel in next June. They intended to invite experts from other countries.

STATE COUNCIL ON JOINT VENTURE TO BUILD WHARVES

OW170017 Beijing XINHUA Domestic Service in Chinese 0256 GMT 15 Oct 85

[Text] Beijing, 15 Oct (XINHUA) -- On 30 September, the State Council announced interim provisions for giving preferential treatment to Chinese-foreign joint ventures to build wharves in ports.

The provisions state: Any foreign company, enterprise or individual that participates in a joint venture with a Chinese company or enterprise to build wharves in ports should conform with the pertinent laws, decrees, and regulations governing joint ventures and will be given preferential treatment on the basis of the actual situation characterized by large investments, a long construction period, and low profits.

The provisions pointed out: The joint venture is permitted a fairly long period of operation, which may exceed 30 years. After this period expires, it may be extended provided that both sides in the joint venture agree on the extension and that such an extension is approved by the Ministry of Foreign Economic Relations and Trade of the PRC or any agency entrusted by this ministry. The joint venture may recapture its investments by accelerating depreciation of its fixed assets, provided that an application is submitted by the joint venture and that this practice is checked and approved by the local tax authorities and ratified by the PRC's Ministry of Finance.

The provisions pointed out: The joint venture is exempt from import tax and industrial and commercial consolidated tax when it makes use of its total investment funds to import raw materials, loading and unloading equipment, means of transportation, and other production facilities needed in building wharves. The joint venture is required to pay income tax on the basis of the 15 percent income tax rate. After the tax authorities in the province, autonomous region, or municipality under the direct administration of the central government in which the joint venture is located approve the application filed by a newly established joint venture scheduled to operate for a period of 15 years or more, the joint venture shall be exempted from income tax from the first to the fifth profit-making years and allowed a 50-percent reduction in income tax from the sixth to the tenth years. If the joint venture still has difficulty paying taxes following the expiration of the exemption and reductions period, this period may be adequately extended. When a foreign joint venture remits abroad its share of profit obtained from the venture, no income tax shall be levied on the remitted amount.

The provisions also pointed out: Fees such as loading and unloading charges for the wharf built by a joint venture are determined by the venture itself. The joint venture is also permitted to concurrently operate other projects with less investment, shorter construction periods, and higher profits. Such matters should be handled according to the provisions in force.

PREFERENTIAL TERMS GRANTED FOR JOINT HARBOR PROJECTS

HK180534 Beijing ZHONGGUO XINWEN SHE in Chinese 0320 GMT 15 Oct 85

[Text] Beijing, 15 Oct (ZHONGGUO XINWEN SHE) -- As of 30 September, China began to implement a new policy on preferential treatment for enterprises undertaking the construction of harbors which are jointly invested in and run by foreign companies, enterprises, or individuals and Chinese companies and enterprises.

It has been learned that the main contents of this policy are as follows:

- The joint enterprises are allowed to have longer terms for the joint ventures. These terms can exceed 30 years. The concrete terms are to be determined by various sides of joint ventures through negotiations. On the expiration of the contract, the terms can be extended with the approval of relevant authorities.
- The import of necessary raw materials, loading and unloading equipment, transportation means, and other production facilities by the joint ventures using funds from the total investment will be exempted from customs duty and consolidated industrial and commercial taxation.
- The newly established joint ventures with a cooperation period over 15 years are exempted from income tax for the first 5 years after they begin to make profits, and their income tax will be reduced by 50 percent from the 6th to 10th years.
- The foreign investors in the joint ventures are allowed to remit their profits abroad tax-free.
- If the foreign investors in the joint ventures use their profits gained from these enterprises to invest in new berth or wharf construction to be conducted in 5 years or more, 40 percent of their paid income tax for the reinvestment funds will be returned.
- This preferential policy is also applicable to companies, enterprises, or individuals from Hong Kong and Macao who invest in joint enterprises for harbor construction.

A good beginning has been made in using foreign funds for harbor construction. The Nantong Port Office has reached an agreement with the Rotterdam Multi-purpose Dock Company of the Netherlands on jointly building Nantong Harbor. The main projects include 8 deep-water berths capable of berthing ships up to 10,000 tons, 10 medium-sized berths capable of berthing ships up to 5,000 tons, and 12 small berths. The handling capacity is estimated to reach 10 million tons. The harbor will be opened to traffic by 1990.

GAS, OIL FOUND IN BEIBU BAY, TEST RESULTS IN

HK211150 Beijing ZHONGGUO XINWEN SHE in Chinese 1459 GMT 16 Oct 85

[Text] Guangzhou, 16 Oct (ZONONGGUO XINWEN SHE) -- The Nanhai Western Oil Company has sunk a well in the Liaoshi area of Beibu Bay. This well has undergone various tests and inspections and oil and gas have gushed from it on schedule. The company started drilling this well on 12 May this year and completed the work on 31 August. Tests and inspection were then carried out on five strata. The results show that three oil-bearing strata worthy of recovery extend to most parts of this area.



The structural and geological conditions of this well, which is called Liaoshi No 16-1, are complicated. Of the five test wells sunk at different sites, four indicate the existence of oil and gas. The daily output of these wells is from 650,000 cubic meters to 6.54 million cubic meters, with an oil-gas ratio of 1 to 110. The thickness of the oil-bearing stratum is over 34 meters. It has been proved that most of the sites contain much good quality oil and that there are good prospects for a high output.

#### PRC'S FIRST CONTAINER TRANSPORT COMPANY LAUNCHED

OW212040 Beijing XINHUA in English 1642 GMT 21 Oct 85

[Text] Beijing, October 21 (XINHUA) -- China's first company responsible for the land transport of containers was launched here on Saturday. It will follow international standards in container transport and will take charge of the transport, storage, loading, unloading and packing of containers leaving for and arriving from foreign ports via Tianjin.

It will manage the movement of containers between major cities in north China, and work as an agent for the cargo owners in the handling of customs, tallying and insurance. The company has a cargo yard covering 20,000 square meters, which can accommodate 1,500 standard containers, 50 trucks each with a load capacity of 40 tons, and 10 40-ton lifting machines. The company's daily handling capacity is estimated at 100 standard containers.

#### XINHUA REPORTS DEATH OF GENERAL XU SHIYOU

HK230422 Beijing XINHUA Hong Kong Service in Chinese 0337 GMT 23 Oct 85

[Handwritten item: "The Death of Xu Shiyou"]

[Text] Beijing, 23 Oct (XINHUA) -- The CPC Central Committee, the CPC Central Advisory Commission, and the Central Military Commission issue the following obituary notice: Comrade Xu Shiyou, our party's long-tested loyal communist fighter, proletarian revolutionary, outstanding military commander in our Army, and vice chairman of the CPC Central Advisory Commission, died of an incurable illness in Nanjing at 1657 on 22 October, at the age of 80.

Comrade Xu Shiyou was a native of Xinxian County, Henan. He joined the CYL in 1926 and became a CPC member in 1927. During his life he held the posts of commander of the Red 4th Army, commander of the cavalry of the 4th Front Army, chief of staff of the Shandong column, commander of Jiaodong Military District, commander of the 9th Column of the East China Field Army, commander of Shandong Military District, commander of the III Corps of the Chinese People's Volunteers, deputy chief of staff of the PLA, commander of Nanjing Military Region, vice minister of national defense and concurrently commander of Nanjing Military Region, commander of Guangzhou Military Region, member of the CPC Central Committee Military Affairs Commission, and permanent member of the commission.

He was elected an alternate member of the 8th CPC Central Committee, and at the 12th Plenary Session of the 8th CPC Central Committee he was elected a replacement member of the committee. He was elected a member of the 9th, 10th, and 11th CPC Central Committees, and a member of the Political Bureau of the Central Committee. He was conferred the rank of colonel general in 1955. Comrade Xu Shiyou participated in revolutionary armed struggle over a long period. In nearly 60 years of military life, he fought bravely, went through untold dangers, was loyal to the party, the people, and to Marxism-Leninism-Mao Zedong Thought.



He made major contributions to the development and strengthening of the Chinese people's revolutionary Armed Forces, to the victory of the Chinese people's revolutionary cause, to the security, strength, and prosperity of the socialist motherland, and to the revolution, regularization, and modernization of the PLA. His death is a great loss for our party and Army.

#### PLA LOGISTICS DEPARTMENT SETS UP BASE COMMAND

HK190347 Beijing ZHONGGUO XINWEN SHE in Chinese 0248 GMT 19 Oct 85

[Text] Beijing, 19 Oct (ZHONGGUO XINWEN SHE) -- The PLA yesterday announced the establishment of a base command in the General Logistics Department, to exercise unified leadership and management over warehouses in the Chinese Army's strategic rear. Reporting this news today, JIEFANGJUN BAO says that this organ has been set up in accordance with orders from the Central Military Commission. Hong Xuezhí, deputy secretary general of the Central Military Commission and commander and political commissar of the General Logistics Department, pointed out after announcing this order of the commission that the establishment of a base command to exercise unified leadership and management over the warehouses in the Chinese Army's strategic rear is of great significance for putting on a sound basis the three-level strategic, campaign, and tactical reserve supply management system, improving logistical supply capability, and meeting the needs of modernizing and regularizing the armed forces and of opposing a war of aggression in the future. The chief task of the base command and its subordinate bases and warehouses is to take good care at all times of the strategic reserve materials, and also supply a number of units, and provide logistical strategic support for the combat zones in wartime.

#### MILITARY REGION COMMENDS XIAN PLA SCHOOL GRADUATE

HK150201 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 14 Oct 85

[Excerpt] (Nie Jianqing), a graduate of the Xian Army Academy, who was sent to the Laoshan front in Yunnan for on-the-spot training, gloriously sacrificed himself while resisting the Vietnamese aggressor army. The Kunming Military Region [Kunming jun qu] recently awarded him a first-class merit.

On 8 September, after our side recaptured position 211 at Laoshan, the Vietnamese army was not reconciled to defeat and gathered forces for a further frenzied assault on the position. (Nie Jianqing), who was acting as deputy platoon commander at the time, thrice requested the company leadership to be allowed to accompany the 9th Squad to the place where the battle was fiercest. Early on the morning of 11 September, (Nie Jianqing) and his comrades-in-arms were intercepted by fierce enemy artillery fire while moving toward position 211. Although (Nie's) left arm was injured, he led the fighters to continue the advance. After arriving at the position, he and his comrades-in-arms launched a heroic counterattack and repulsed the enemy assault. When the enemy launched a further artillery bombardment, (Nie Jianqing) ordered the fighters of the whole squad to retreat into the tunnel so as to reduce casualties, while he himself stood at the tunnel entrance observing enemy movements. Enemy fire wounded (Nie's) limbs, but he went on directing the combat until he had shed his last drop of blood. (Nie Jianqing) was 25 years old. He came from an intellectual family.

JIEFANGJUN BAO ON ANTI-SRV FIGHTER'S HEROISM

OW120339 Beijing Domestic Service in Mandarin 0200 GMT 10 Oct 85

[10 October JIEFANGJUN BAO newsletter: "My Comrades in Arms Are Still at the Outposts -- A Talk With Wei Changxin, a Fighter From the Laoshan Front"]

[Excerpt] He does not look like what I expected. I thought he would be a big, tall man with muscular arms and a round, powerful waist and, when guarding an outpost, he would stand tall like a mountain blocking the enemy's path. Wei Changxin, however, is only 1.65 meters tall, with fine, delicate features. He speaks softly and acts like a gentleman. If he had not been in a neat military uniform, he could have been mistaken for a high school graduate relaxing after studying very hard for the college entrance examination.

It is true that some people of medium build have enormous physical potential and can withstand much greater pressure than an ordinary person can bear. Probably that is exactly the case with Wei who, like every other comrade-in-arms in the battlefield, has withstood immense pressure. For 2 months in a row, Wei and other comrades-in-arms guarding the front shared small, damp caves that became muddy because of rain. Since there was not enough space for five people to sleep in Wei's cave, they took turns standing. During those 2 months, they could not brush their teeth or wash their faces even once. They ate dried biscuits and drank nothing but rain water.

In the early morning hours of 19 July, under cover of fierce artillery fire, two battalions and one company of the Vietnamese Army attacked the outposts on the Laoshan front. In no time the hills were engulfed by gunsmoke, shrapnel, and flying rock. Attacked by waves of enemy troops from various sides, Chen Yushan, a deputy squad leader, fiercely led Wei and other comrades guarding the nearby outposts into flight. They successfully repulsed the enemy time and again with submachineguns, bangalore torpedoes and grenades.

Suddenly, Wei's outpost was hit by enemy artillery fire and part of the cave collapsed. Wei felt everything become dark and invisible. He did not know how many places on his chest and legs were bleeding, but realized that Wu Dongmei, a fighter of the same squad, was dead. What happened to the deputy squad leader Chen Yushan and another comrade-in-arms Zhang Dequn, who were outside the cave? Were they dead too? Wei asked himself. Another comrade-in-arms, Miao Tingrong, was lying on the ground in the cave, with wounds all over his body. Wei himself soon passed out. He did not know how long he remained unconscious. It might have been only several minutes, or just a short while. But he later regained consciousness.

Where is the outpost? We cannot afford to lose it, Wei said to himself. With great effort he crawled to the walkie talkie at Miao's side. From it he heard the platoon leader's voice: Zhang Dequn is dead. Chen Yushan is seriously wounded and has returned to the platoon outpost. Only you and Miao remain at the outpost.

Then, he heard rocks rolling down the hill where his cave was located. The enemy is here again, he thought. We cannot let them take over our outpost. We cannot afford to lose it. Painstakingly he got up, trying to support himself with his hands. But he fell down after only a short while. He realized that he was too weak to support himself.

We cannot lose the outpost, he kept reminding himself. But he and Miao Tingrog could no longer pull the trigger to shoot the enemy with bullets of hatred. They were simply too feeble to do anything. What can we do to keep the outpost? He kept thinking. There is only one way. We must hit the outpost with our own artillery fire.

With great effort, he crawled back to Miao's side and picked up the walkie talkie and shouted: Platoon commander, the enemy is coming. I need fire support, please open fire on my outpost!

The platoon leader hesitated, and answered: But you are there! The platoon leader was afraid that artillery fire might hurt Wei and the other comrade.

What the hell are you waiting for? Wei fumed. He did not know why he dared to swear while talking to his superior. Then he said angrily: Do you want to keep the outpost? Open fire on us quickly! Open fire! When he got no answer, Wei's anger turned into a plea: Open fire on us, platoon leader, I beg you. Please!

About 1 minute later, the platoon leader's request for fire support was approved by the company, and fierce artillery fire roared down on Wei's outpost, blotting out the sky and covering the land.

Shortly after 2000, support personnel found Wei and Miao amid the rubble and took them to safety. Wei learned later that, to ensure their safety, the platoon leader and the company had instructed the artillery units to fire only on the outpost's vicinity and then on other peripheral areas, thus eliminating the enemy, protecting the comrades-in-arms, and defending the outpost.

When talking about other comrades on the front, Wei's eyes became moist, and tears rolled down from his eyes, one of which is artificial but can hardly be distinguished from the other real one. He said: This is my first visit to Beijing, to Tiananmen and Zhongnanhai. We fighters coming from the front are greatly moved by the heart of our great motherland, but I don't know why I have come to miss my comrades-in-arms on the front even more.

Listeners and friends, I am greatly touched by these remarks by the young fighter from the Laoshan front. If we people in the rear keep thinking of the comrades defending the front, certain problems would not be that difficult to resolve.

#### MILITARY COMMISSION COMMENDS BORDER DEFENSE UNITS

OW120055 Beijing XINHUA Domestic Service in Chinese 1453 GMT 11 Oct 85

[Text] Beijing, 11 Oct (XINHUA) -- The PRC Central Military Commission recently issued an order conferring honorable titles on meritorious units and individuals of a reconnaissance battalion in Yunnan's Laoshan area in the defensive war against Vietnam.

The order, signed by Deng Xiaoping, chairman of the Central Military Commission, said: Displaying a strong sense of patriotism and revolutionary heroism, the Yunnan Border Defense Units' reconnaissance battalion has resolutely executed orders, strictly observed discipline, defied hardships, injuries, and death, and, with heroism that overpowered all of the enemy, forcibly struck at the enemy during the defensive war in the Laoshan area, thereby contributing to the entire units' defensive operations.

In order to commend the heroic deeds of the large numbers of model units and individuals during the operations, the Central Military Commission has decided to confer the honorable title of "Heroic Reconnaissance Company" on two reconnaissance companies of the battalion; the honorable title of "Combat Hero" on martyr Fu Kongliang, platoon leader of a certain reconnaissance company; and the honorable title of "Capture Enemy Hero" on Zhang Zhubing, squad leader of a certain reconnaissance company.

The Central Military Commission calls on the vast numbers of commanders and fighters in the entire Army to emulate the above-mentioned units and individuals that have received the honorable titles, learning from their willingness to bear hardships for the motherland and its people and from their noble daring to make sacrifices; learning from their revolutionary spirit of defying danger and the enemy; learning from their fine style of obeying orders and strictly observing discipline; and learning from their ingenious tactics to wipe out the enemy.

All PLA units must thoroughly study and conscientiously implement the guidelines of the enlarged meeting of the Military Commission by achieving unity in thinking, showing consideration for the overall situation, enhancing party spirit, strictly observing discipline, and successfully carrying out the structural reform and reduction-in-strength reorganization of the PLA. It is necessary to energetically intensify grass-root building, pay close attention to education and training, and speed up the Army's modernization and regularization process and make it more revolutionary in order to safeguard the motherland's security and world peace.

#### YANG SHANGKUN WRITES INSCRIPTION FOR MEMORIAL

OW230528 Beijing XINHUA Domestic Service in Chinese 1458 GMT 22 Oct 85

[By reporters Chen Chaozhung and Wang Gen]

[Excerpts] Zhengzhou, 22 Oct (XINHUA) -- Activities marking the 50th anniversary of the death of martyrs Li Xiangwu and Liu Zhimin were held today in Luoning County, Henan Province, and a monument to them was also unveiled there.

Yang Shangkun, member of the Political Bureau and permanent vice chairman of the Military Commission of the CPC Central Committee, wrote an inscription for the monument. Nie Rongzhen, Song Renqiong, Wu Xiuquan, Huang Zhen, Huang Huoqing, Cheng Zihua, and Wang Youping sent wreaths to the unveiling ceremony.

At the commemoration meeting, Zhao Di, deputy secretary of the Henan Provincial CPC Committee, said: These two martyrs laid down their lives half a century ago, but their lofty images and glorious achievements continue to inspire us. We should have firm faith in communism and should not hesitate to sacrifice everything for it as they did. We should brace ourselves, be brave in carrying out reform, carry out the martyrs' behests, and contribute to the four modernizations of the motherland.



SPOKESMAN DENIES \$18 BILLION TRADE DEFICIT

HK221034 Beijing ZHONGGUO XINWEN SHE in Chinese 0827 GMT 22 Oct 85

["Ma An Says That China's Trade Deficits This Year Will Not Be as High as \$18 Billion"  
-- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 22 Oct (ZHONGGUO XINWEN SHE) -- Ma An, spokesman for the State Statistical Bureau, said here today that as the state has adopted measures to control imports and vigorously increase exports, China's trade deficits this year will not reach \$18 billion.

Ma An explained that not long ago the XINHUA NEWS AGENCY made a forecast based on the data of the State Statistical Bureau that by the end of this year there would be a trade deficit of \$18 billion. It later withdrew its prediction. It was only an estimate made by an individual on the basis of the figures given by the General Customs Administration, which said that the imports for the first half of this year totaled \$18.3 billion and the exports totaled \$11.8 billion, leaving a deficit of \$6.5 billion.

Ma An said: "I do not agree with this estimate. It is not reliable because it has not taken into consideration the state's measures to control imports and increase exports."

China will soon publish through its Ministry of Foreign Economic Relations and Trade its figures for foreign trade for the period from January to September 1985. Ma An said that the figures of the Ministry of Foreign Economic Relations and Trade are smaller than those of the Customs Administration because of their different method of calculation. For example, in calculating the figures related to the processing of foreign goods, the Ministry of Foreign Economic Relations and Trade only includes processing charges in the calculation, but the Customs Administration includes the amounts of the components imported and the amounts of finished goods exported in the figures for the import and export trade.

JINGJI YANJIU ON PRICE OF BUILDING MATERIALS

HK180515 Beijing JINGJI YANJIU in Chinese No 8, 20 Aug 85 pp 72-75

[Article by Lei Zhongchi of the Department of Capital Construction Economics of Hubei College of Finance and Economic: "An Analysis of the Existing Price Formation of Building Materials" -- capitalized passages published in italics]

[Text] The formation of prices of building materials directly affects the normal development of the building industry and the production of the departments concerned in the national economy. It affects state financial revenue and the actual standard of living of the people. The formation of prices of building materials, similar to the formation of prices of other commodities, should be based on the sum of the average departmental production costs and the average social profits, which means basing it on the price of production. In addition, while taking production costs as the basis, it is necessary to simultaneously and rationally consider various factors which affect prices, supply and demand relations, natural conditions, historical, social and political factors, and so on. Price differences can be due to regional factors, quality, project duration, standard of construction, types of structure and so on. Only by so doing, can the formation of prices become scientific. However, the existing price formation of building materials have violated these principles and demands in numerous areas.

1. THE EXISTING PRICE FORMATION OF BUILDING MATERIALS HAS ERRONEOUSLY ADOPTED THE PRINCIPLE OF "AVERAGE OF THE ADVANCED" FAILING TO GIVE RATIONAL CONSIDERATION TO THE NATURAL FACTORS WHICH AFFECT PRICES.

Since we are unable at present to directly and accurately calculate the prices of production of commodities, we must continue to rely indirectly on the production of costs in order that price formation will approximately reflect the value (costs of production). Production costs may take various forms, and production costs of fixed prices should be the existing, normal and socially average costs but should not be planned and forecast, abnormal, individual or the average of the advanced. That is to say, the main basis of the prices of building materials should be the intermediate production costs of the normal production and rational management of the departments, or in other words, the average departmental production costs. However, the existing prices of building materials are formed based on the average production costs of the advanced items in accordance with the specified forecast budget. This is wrong in theory because the average production costs of the advanced items do not reflect the portion of C plus V of the socially necessary labor time, but only reflect a small portion. Prices formulated on this basis will tend to be low and as a consequence, the majority of the enterprises will be unable to balance the production expenses with the marketing income of the commodities. This has led the enterprises to adopt the method of "claiming exact reimbursement of expenses" in actual work and acknowledged individual production costs thus giving rise to another erroneous tendency.

Fixing the price by taking the average production costs of the existing normal departments is the correct principle for fixing the prices of general commodities. However, with this as the basis, the production of certain commodities such as agricultural, mineral, and construction products is restrained, to a very large extent, by the natural conditions due to their own characteristics. Thus, it is necessary to give consideration to natural factors which affect prices, in the course of fixing the prices. Similar to agricultural and mineral products, the formation of prices of building materials and departments operating under poor natural conditions. As far as the building materials are concerned, poor natural conditions here mean projects which are completed in the wilderness and remote areas, in constricted areas, or in bad weather. It is understood from Marx' principle of differential land rent that it is essential to carry out construction activities under poor natural conditions in order to satisfy social needs. Thus, the labor activities of producing building materials under poor natural conditions become socially necessary labor. If the prices of the building materials are not fixed in accordance with average production costs of departments operating under poor natural conditions, building materials produced under such poor natural conditions will not survive in the market thus failing to satisfy the needs of society. As a consequence, producers with better natural conditions will claim poor natural conditions, and prices will be fixed in accordance with the poor natural conditions. As far as differential income obtained from production under normal and better natural conditions is concerned, the state can exercise rational regulation by means of taxation so as to maintain a roughly equal position for production activities of building materials under different natural conditions.

Our country has vast territories where the natural conditions differ from place to place. Thus, we must also give consideration to regional price differences. As far as prices of building materials are concerned, regions should be drawn up in accordance with the natural conditions (not the administrative boundary), based on the average production costs of operation under poor natural conditions in the individual region.

Nevertheless, the existing price formation of building materials has not given any rational consideration to the above factors. As a result of this, price formation has to rely more and more on individual production costs.

Thus, it is not only scientific in theory to use the average production costs of departments operating under poor natural conditions and the regional price differences as a basis but this is also the key to solving the problems of complicated calculation methods in actual work, on-the-spot verification, separate accounting for individual production costs, and so on.

2. THE EXISTING PRICE FORMATION OF BUILDING MATERIALS HAS FAILED TO ADHERE TO THE PRINCIPLE OF CALCULATING PRICES IN ACCORDANCE WITH QUALITY.

The volume of socially necessary labor consumed by the production of the same kind of building materials, varies in accordance with the quality of the materials, and thus, the prices of the building materials should be directly proportional to the quality (value).

However, the existing price formation has failed to adhere to the principle of calculating prices in accordance with quality. Presently, there is only one approved price for average standard building materials, and there are no other prices for non-standard products (mainly the fine quality and superior quality products which are of above average standard.) Perhaps we can say that no consideration has been given to price differences due to quality. This leads to a situation in which building material enterprises incur heavier production expenses and yield less profits when they produce products of better quality than the qualified products. Thus, the initiative to improve product quality is restrained. This is in fact a practice of egalitarianism in quality and prices. It also shows that the existing price formation of building materials has, on the other hand, violated the law of value and the principle of remuneration according to labor. In actual work, and as agreed by both parties concerned, some people adopt the method of rewarding superior quality. However, as far as the amount is concerned, the rewards cannot make up for the price differences, and as far as the nature of this "favor" is concerned, it does not contain any sense of legitimacy.

3. THE EXISTING PRICE FORMATION OF BUILDING MATERIALS HAS NOT TAKEN THE FACTOR OF PROJECT DURATION INTO CONSIDERATION.

The duration of projects is determined by the building materials and their special production nature, and this is an important factor of price formation of building materials which cannot be neglected. The standard project duration of the same building materials, which can also be called the assigned project duration, should be the average project duration of departments which produce the same products under poor natural conditions. Generally speaking, the majority of consumers request construction enterprises to complete projects in advance of the scheduled date so that they can use the facilities earlier. In order to satisfy the consumers' demands, the construction enterprises must adopt essential technical and organizational measures (such as increasing sources of supply, adopting new technology and skills, overtime work and so on) in order to expedite completion using socially necessary labor. The difference between the average consumption of departments operating within standard project duration is the basis of value of the price differences of different project durations. The existing price formation of building materials has not taken the price differences due to project duration into consideration. This implies that the construction enterprises have gratuitously shifted onto the user units the benefits that they had created by means of rushing to complete the projects ahead of schedule, and that the user units have benefited by commencing operation ahead of schedule and thus saving interest on loans of fixed assets investment and management fees during project construction periods. Similar to the superior quality awards, the awards for completion of projects ahead of schedule offered to the construction enterprises, can by no means make up for the price differences because of different project durations, and its nature also does not contain any sense of legitimacy.



#### 4. THE POLICY OF "MAKING NO PROFIT OR LITTLE PROFIT" IMPLEMENTED IN THE COURSE OF PRICE FORMATION OF BUILDING MATERIALS HAS ENABLED PRICE FORMATION TO LOSE THE SCIENTIFIC BASIS AND VIOLATE THE OBJECTIVE BASIS.

To fix the prices of various products in accordance with the average profit rate of the society is an objective demand of the development of a socialist commodity economy, and this will not change according to the wishes of the people. Under the socialist conditions of our country, competition exists to a certain degree, among the various departments, regions and enterprises. Enterprises have a certain right to fix the prices, and capital is allowed to flow, to a certain extent, among departments, trades and enterprises which produce different products (by means of transdepartmental investment, amalgamation and joint business and so on.) Thus, a trend of sharing profits is bound to exist objectively. If we purposely violate this demand, we will be penalized by the economic laws. However, the policy of "making no profit or little profit" presently implemented in the course of price formation of building materials has violated this demand, thus causing price formation to lose its scientific and objective basis.

For a long time past, and under the influence of the erroneous principles that "the means of production are not commodities" (building materials, of course are not commodities) and "profit made from the price of building materials is empty circulation of capital," we have purposely implemented the policy of "making no profit or little profit" which has enabled price to seriously deviate from value (the price of production), and has caused exchanges of unequal value between departments. We did not even have the concept of prices of building materials for a long time past which were usually replaced by the installation and construction costs. Under the condition that the legitimate profits have been cancelled, the costs only mean the costs of projects. This means treating the costs as the prices, always calling for lowering of the construction costs when we mean to lower the production costs of the projects, thus creating confusion among price, cost, and production cost.

For a long time in the past, no profit was added to the building materials. This means it was "nonprofit making." The legitimate profit of 2.5 percent was restored in 1980, but the standard of profit was still very low. This means it was "low-profit making." Statistics have shown that the profit rate of industries in 1981 was between 246 to 291 percent above that of the construction industry (see Table 1). The net output value of construction industry over the 35 years since the founding of the country has always remained the lowest compared to other trades. The net output value of other trades is about 129 to 268 percent higher than that of the construction industry.

Table 1: Comparison of Profits Between Construction Industry and Industry (All-People's Ownership System) in 1981

Trades	Output Profit Rate	Capital Profit Rate	Source of Data
Construction Industry	6.5 percent	5 percent	"Chinese Statistical Yearbook"(1984) p 344
Industry	15.5 percent	14.79 percent	Ditto p 262
Industry as a Multiple of Construction Industry	2.46 times	2.91 times	

The implementation of the policy of "making no profit or little profit" and the man-made deviation of prices of construction materials from the value have greatly influenced the state financial revenue and the development of the construction industry. Some people hold that the policy of "making no profit or little profit" only shifts the profits yielded by the construction industry onto other trades by means of unequal exchanges. These are then submitted to the state by the other trades, and as far as financial revenue is concerned, "the meat is still being stewed in the cooking pot." They even think that the policy of "making no profit or little-profit" economizes state investment on purchase of construction materials (including equipment and installation labor -- same below). Thus, getting things done without spending too much. This view has not only failed to see the serious danger brought about by the practice of "eating from the same big pot" within the scope of macroeconomics, but more importantly, in quantitative terms, "that some of the meat would disappear from the pot when it is being stewed." We will fail to economize investment and will lose more because enterprises run with foreign capital, joint venture enterprises, enterprises owned by the collectives, private individual businesses, joint enterprises between the whole people, the collective and the individual economy, and the broad masses of people in the urban and rural areas generate purchasing power and create a prosperous market for construction materials. Between 1953 and 1983, of the entire purchases of construction materials, budgetary investment accounted for 41.79 percent, while non-budgetary investment accounted for 58.21 percent (of this, investment of enterprises not owned by the whole people accounted for 45.8 percent) (see Table 2).

Table 2: Analytical Table of Structure of Purchasing  
Power of Construction Materials Between  
1953 and 1983

Structure of Purchasing Power of Construction Materials	Amount (100 million yuan)	Percentage	Source of Data
Gross Output Value (Considered as the Total Sales)	10,121.00	100	"Chinese Statistics Yearbook" (1984) p 20
Differentiated by Ownership of the Whole People			
Purchase of Enterprises Owned by the Whole People	5,485.20	54.20	Ditto, p 304
Purchase of Individuals or Enterprises Not Owned by the Whole People	4,635.80	45.80	
Differentiated by Budgetary Investment			
Purchase of Budgetary Investment	4,229.64	41.79	Ditto, p 303
Purchase of Budgetary Investment	5,891.36	58.21	

If the profit rate of the output of the construction industry was raised to the level of the profit rate of industry in 1981, we could work out roughly that the construction industry had lost, over the 35 years since the founding of the country, a total profit of 91.971 billion yuan (calculated in accordance with the gross output of construction industry of 1,021.9 billion yuan between 1949 and 1983). Of this, the loss within the budgetary portion is: 91.971 billion yuan multiplied by 41.79 percent, which equals 38.435 billion yuan; the amount of loss beyond the budgetary portion is: 91.971 billion yuan multiplied by 58.21 percent, which equals 53.536 billion yuan (of this, loss of investment by enterprises not owned by the whole people is: 91.971 billion yuan multiplied by 45.8 percent which equals 42.123 billion yuan).

The former should be profits submitted by the construction industry to the state in accordance with the principle of equal exchange of commodities (that is what we call "empty circulation of capital" or the portion "in the pot"): the latter is the portion that has disappeared from the "pot" and which has not participated in the "empty circulation", and 42.123 billion yuan was gratuitously taken away by enterprises which were not owned by the whole people. We should also see that, in the wake of progress of the open policy and the restructuring of the national economy, this portion will definitely increase in the construction market, and subsequently, the loss of state financial revenue will become greater.

We cannot neglect the influences of this policy on the development of the construction industry. Construction activities have to be carried out in the suburbs, outdoors and at great heights. The extent of manual labor is great and the conditions are tough, but the welfare and benefits are inferior to other industries (see Table 3). This is detrimental to fully motivating the socialist enthusiasm of the broad masses of construction workers. However, the more important thing is that it has caused the construction industry to lose the capital for expanded reproduction, and a large number of construction enterprises that are in financial difficulties or are on the verge of running into deficit can hardly maintain simple reproduction. At present, some construction enterprises have been forced to run another kind of industry that yields higher profits, maintaining the "main" job with the "sideline" tasks. In some cases, the secondary operation supersedes the primary, and the enterprises simply change operation. This is the objective result of the trend of sharing profits. In order to speed up the development of the construction industry, we must rationally solve this problem in a planned way in accordance with the demand of the law of value.

Table 3: Comparison of Per Capita Profit of Construction Industry and Industry (Owned by the Whole People) in 1981

Trade	Gross Profit (100 million yuan)	Number of Workers (10,000)	Per Capita Profit (Yuan-person)	Industry as a Multiple of Construction Industry	Source of Data
Construction Industry	1.18	475.1	248.37	---	"Chinese Statistics Yearbook" (1984) p 344
Industry	57.97	3,407	1,701.5	6.85 Times	Ditto, p 114,262



STATE COUNCIL REPORT ON CREDIT INVESTIGATION

OW201315 Beijing XINHUA Domestic Service in Chinese 0738 GMT 19 Oct 85

[Text] Beijing, 19 Oct (XINHUA) -- On 12 October, the State Council transmitted the report of the People's Bank of China on carrying out an all-out inspection of credits, and attached a circular to it urging all regions and departments to follow the requirements set forth in the report and act in accordance with the actual situation.

The State Council circular states: The management of credit funds is lax and their use is divided. The problems of scrambling for bank credits and of using credits to seek private gain are still quite conspicuous in various quarters, and these problems have hampered the state from implementing its policy of strengthening overall control. To continue to implement the various measures of the Central Committee and the State Council on strictly controlling credits and the money supply and to rectify unhealthy credit practices, the State Council has decided to carry out an all-out inspection of credits. People's governments at all levels must immediately plan to proceed in accordance with the requirements set forth in the report. Disciplinary measures shall be taken against those guilty of a serious violation of policy and of using credits to seek private gain and those who have breached the law shall be investigated according to law. In the course of the inspection of credits, they should educate the broad masses of banking personnel on the need to obey law and discipline and heighten their awareness of law and the general needs.

The People's Bank of China says in its "Report on Carrying Out an All-out Inspection of Credits:" This year, under the leadership of party committees and governments at all levels and with the support of all quarters, people's banks and various specialized banks at all levels have accomplished a great deal and achieved fairly good results in implementing the decision of the Central Committee and the State Council on controlling credits and money supply and in recalling currency from circulation and tightening the money supply. However, the inspection of the credit operation of some localities shows that many problems remain to be resolved: 1) The examination of extending loans is not strict and supervision is loose. The loans they have extended have been spent on capital construction projects and bonuses, or have even been reextended to borrowers paying high interests. 2) Loans are extended thoughtlessly, and such thoughtlessness can be observed in the extension of loans to rural enterprises, companies that exist in name only, and self-employed workers. 3) The extension of trust loans has not stopped, and more loans than previously planned are still being extended for nonbudgetary fixed assets. 4) Trading of foreign exchange at high prices is still taking place in many areas. 5) Many banks have been using all possible means to use credits to seek private gain. 6) Using various ways to raise funds and investing in fixed assets with money withdrawn from trust funds, special funds of enterprises, and bank deposits. If these problems are not firmly stopped and corrected, the healthy national economic development will be affected.

According to the report of the People's Bank of China, the inspection of credits will cover the following aspects:

1. To inspect how the State Council's decision on controlling credits has been implemented. Special attention must be directed at inspecting investments in nonbudgetary fixed assets, how loans have been misused (including their being transferred to different locations) for this purpose; how bank loans or circulating funds have been used by localities and enterprises on capital construction projects; and how loans for circulating funds have been used for the purchase of motor vehicles, or for speculating on commodities in short supply.

2. How currency has been withdrawn from circulation.

3. How foreign exchange has been managed.

4. How the State Council's decision on suspending the operation of extending trust credits and trust investment has been implemented. The trust investment companies, the trust departments, and urban credit cooperatives operated by various specialized banks, and the trust investment companies set up by various areas and departments must be investigated to see the sources of their capital, the way they use their capital, and their revenues and expenditures.

5. Acts of indiscriminately extending loans in violation of the principles for extending loans, of using loans to seek private gain, of soliciting and accepting bribes, blackmail, corruption, theft, and other unlawful practices.

The report of the People's Bank of China also points out that the scope of the current inspection of credits will cover all specialized banks, insurance companies, international trust investment companies, rural credit cooperatives, and all trust investment companies, credit departments, and urban credit cooperatives set up by various specialized banks, as well as the trust investment companies and other banking facilities set up by various localities and departments. The primary targets to be inspected will be the problems that occurred during the first 9 months of this year and how the credit problems that occurred during the fourth quarter of last year were handled. Serious cases involving large sums of money, no matter when they took place, must be thoroughly investigated.

The inspection of credits, which began in mid-October, will be concluded by the end of December.

#### PRC CRACKS DOWN ON 'SERIOUS' ECONOMIC CRIMES

HK210320 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 20 Oct 85 p 4

[Report: "Officials of the Supreme Procuratorate Go to Various Places To Handle Cases; Breakthrough Achieved in Cracking Down on Economic Crimes"]

[Text] Since earlier this year, along with making efforts to crack down on serious criminal offenses, the Supreme People's Procuratorate has focused its efforts on cracking down on serious economic crimes and has made major breakthroughs in this regard.

In the drive to crack down on economic crimes, the responsible comrades of the Supreme People's Procuratorate personally participated in the handling of a number of major cases. Procurator General Yang Yichen first led a work group to Henan and Hebei Provinces to conduct efforts to crack down on economic crimes. Then five work groups, respectively led by the deputy procurators general and some bureau chiefs, went to Hainan Island, Shenzhen, Fujian, Hebei, and Sichuan and joined local procuratorates in handling a number of major economic criminal cases.

Substantial progress has been made in the handling of all these major cases. For example, the case of illegal automobile reselling in Hainan is a complicated case which involves a large number of people. By the end of August, all people in this case who took bribes and graft had been investigated or prosecuted. Among these people, Lin Taosen, former member of the Hainan Administrative Region CPC Committee Standing Committee and director of the regional party Committee's Organization Department, has been arrested for bribery; and Guan Xinyin, party group secretary and editor in chief of HAINAN RIBAO, has been arrested for accepting graft. In addition, major breakthroughs have been made in the handling of the case of illegal foreign exchange transactions in Shenzhen. In Fujian, the investigation of the case of Du Guozhen, chairman of the Fuzhou City Yufeng Enterprise Company, who is accused of defrauding people of large amounts of money, has been basically completed.

In view of the fact that some major economic criminal cases involve many people and departments and the handling of these cases often encounters obstacles and resistance, the procuratorial committee of the Supreme Procuratorate has decided to directly handle some important and difficult cases so as to promote the in-depth development of the drive to crack down on serious economic crimes.

SAVINGS DEPOSITS INCREASE IN URBAN AREAS

HK180334 Beijing ZHONGGUO XINWEN SHE in Chinese 1400 GMT 15 Oct 85

[Text] Beijing, 15 Oct (ZHONGGUO XINWEN SHE) -- Huang Yujun, vice president of the Industrial and Commercial Bank of China, pointed out here today that savings deposits in China's urban areas had increased by 17.5 billion yuan in the first three quarters of this year, an increase of 34 percent over the same period of last year. The bank has also done a good job in withdrawing currency from circulation and the scale of loan granting has been kept under control.

One of five specialized banks in China, the Industrial and Commercial Bank is mainly extending credits to industrial and commercial enterprises and accepting savings deposits from residents in urban areas.

Vice President Huang Yujun said: In order to further encourage urban residents to deposit their cash in the bank, the Industrial and Commercial Bank has raised the interest rate for fixed savings deposits in accordance with the appropriate state regulations. In addition, from mid-August to mid-September, the bank established more than 7,600 new savings deposit offices throughout the country and organized more than 1,700 mobile service teams to collect savings deposits from door to door. These measures have laid the foundation for increasing the annual savings value by a record figure targeted at 25 billion yuan.

Huang Yujun said: This year, the Industrial and Commercial Bank has tightened money supply, strengthened administration over the interest rate for circulation fund credits extended to industrial enterprises, and kept the scale of loan granting under strict control, thus keeping down, to a certain extent, the extraordinarily high speed of industrial production development in the country. Moreover, the bank has also carried out an examination of credit services throughout the country and has recovered loans totaling more than 800 million yuan which were extended in violation of the regulations to party and government organizations to run businesses and enterprises in 20 provinces and municipalities including Guangdong, Sichuan, and Beijing.



SHANDONG HOLDS MEETING ON FOUR MODERNIZATIONS

SK230502 Jinan Shandong Provincial Service in Mandarin 2300 GMT 22 Oct 85

[Excerpts] The provincial meeting to exchange experiences of the people from various circles in serving the four modernizations was ceremoniously opened in Jinan on the morning of 22 October. Some 320 persons from all circles happily gathered under the same roof. They brought to the meeting their achievements and valuable experiences in serving the four modernizations, which fully reflected that our province's patriotic united front is growing stronger day by day, and in displaying the province's potential of talented persons from all circles.

Attending the meeting were leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee, including Liang Buting, Li Changan, Li Zhen, Li Zichao, Sai Feng, Li Farong, Zhou Xingfu, Xu Meisheng, Guo Yicheng, Zhang Weicen, Xu Wenyuan, and Kong Lingren. The opening ceremony was presided over by Li Zichao, chairman of the provincial CPPCC Committee. Jin Baozhen, director of the united front work department of the provincial CPC Committee, gave an opening address.

Jin Baozhen said: The main task of this meeting is to report on the achievements of the persons from all circles in serving the four modernizations, to exchange experiences, and to study how to better serve the four modernizations under the new situation by taking the spirit of the National Conference of Party Delegates as guidance. Making this meeting successful will further stimulate persons of various circles throughout the province to make greater contributions to the four modernizations construction.

Li Changan, deputy secretary of the Shandong Provincial CPC Committee and governor, delivered a speech at the meeting. He extended warm greetings to the meeting and hailed its convocation on behalf of the provincial CPC Committee and the provincial people's government. He also extended warm regards and high respects to the people from all circles who love China and have contributed to vitalizing Shandong Province.

SHANGHAI'S RUI XINGWEN VISITS PARTY SCHOOL

OW221237 Shanghai JIEFANG RIBAO in Chinese 17 Oct 85 p 1

[By reporter Tang Xiangzhang]

[Text] Rui Xingwen, secretary of the Shanghai Municipal CPC Committee, went to the municipal CPC Committee Party School on the afternoon of 14 October to convey the guidelines of the National Conference of Party Delegates to all the teachers and students there. He expounded on the great significance of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the CPC Central Committee and gave animated and convincing answers to and analyses of questions asked by the students concerning the current situation, greatly enlightening everyone. They said that they would link theory with practice to study the documents of the meetings better and more thoroughly.

Wu Bangguo, deputy secretary of the municipal CPC Committee, and Gao Wenkui, deputy secretary general of the municipal CPC Committee, attended the meeting.

SHANGHAI REGULATIONS ON PRICE SUPERVISION SET

OW230311 Shanghai City Service in Mandarin 2300 GMT 21 Oct 85

[Excerpts] In order to curb the unhealthy tendency of wanton price hikes, and ensure stable commodity prices and smooth progress in reforming the pricing system, the municipal government recently approved and circulated a 10-point regulation by the municipal commodity price bureau concerning reinforcement and supervision of price control and inspection of commodity prices in the municipality.

According to the regulation, all industrial means of production covered by the state plan must be sold at prices set by the state, including allowed margins and floating and temporary prices. Products under the state plan should not be removed from the plan by any means and sold at higher prices. All means of subsistence under the state plan must be sold at prices set by the state, and no changes should be made in the prices without prior approval. Prices of commodities supplied by wholesale departments at various levels to retail stores should not be higher than the wholesale prices.

According to the regulation, TV sets, refrigerators, washing machines, radio and cassette recorders, cigarettes, famous-brand wine, and sugar purchased by wholesale and retail enterprises in Shanghai from other localities should be sold at prices set by the state. They should not be purchased at local retail prices or higher, and sold at even higher prices in the municipality. Import goods already sold in the municipality at set prices should be sold at those prices, and major import goods without set prices, such as TV sets, washing machines, refrigerators, radio and cassette recorders, cameras, and watches, should be sold at prices approved by the commercial department in charge of the municipal company importing the goods.

According to the regulation, any violation of the regulation should be criticized, commodities should be purchased at an estimated price, illegal profits should be confiscated, or the violators should be fined, according to the seriousness of each case. Those who have committed crimes should be investigated by judicial departments.

XINHUA CALLS YANG RUDAI 'TRUTH-SEEKING SECRETARY'

OW181123 Beijing XINHUA Domestic Service in Chinese 0850 GMT 15 Oct 85

[By XINHUA reporter Bao Chunguang -- accompanying Yang Rudai, secretary of the Sichuan Provincial CPC Committee, on an inspection tour of Garze Autonomous Prefecture]

[Excerpts] Chengdu, 15 Oct (XINHUA) -- XINHUA editor's note: This report is well worth reading. On his inspection tour of a remote minority-inhabited area, Yang Rudai, secretary of the Sichuan Provincial CPC Committee, persisted in seeking truth from facts and put forth opinions that conformed to the actual situation of the area. He was therefore praised by local cadres as a "truth-seeking secretary." Numerous facts have proved that seeking truth from facts is the only way to solve problems, and failure to do so will yield bad consequences. The party and people need more "truth-seeking secretaries" and "truth-seeking cadres" in the great cause of the four modernizations. (end editor's note)

Around the time of the beginning of autumn on the lunar calendar, Yang Rudai, secretary of the Sichuan Provincial CPC Committee, inspected over a dozen counties in Garze Zhang Autonomous Prefecture. On the inspection tour, he called on peasants and herds-men in their homes and yurts to acquaint himself with the local Tibetan people's life and production work and ask their opinions about party policies. At discussion meetings with the prefectural, county, district, and township cadres, he called on local cadres to solve problems encountered in developing economic and cultural work in minority-inhabited areas by proceeding from reality and seeking truth from facts. His suggestion was welcomed by both the cadres and the masses.

Oppose Competition for High Speed But Promote "Quick Flow If There Is Enough Water"

Faced with a favorable trend in economic development, some comrades were afraid of making the mistake of blindly competing for high speed and suggested that restraint be adopted in Garze Autonomous Prefecture, which is still very backward economically. They would not even support projects that would give conspicuous benefits.

Seeing this, Yang Rudai said: What we oppose are efforts to seek high speed by relying on foreign exchange and loans and seriously drawing on energy supply, transportation work, and supplies of raw and other materials, because this kind of high speed is abnormal and cannot last long. To avoid this kind of high speed, the provincial authorities have held several meetings to limit money in circulation, control the amount of consumption funds, and curtail the scale of capital construction. The purpose is to gradually slow down the speed, but this is not the case in Garze Autonomous Prefecture. The economic level of Garze Autonomous Prefecture is still very low. Take the village and town enterprises as an example. Last year, the total output value in the whole prefecture was only 12.9 million yuan. Even in Luding County, where development was rather fast, last year's output value was merely 1.19 million yuan. Even if this figure is doubled, it is only 2.38 million yuan, still less than that of a village in some interior areas. The industries of Garze Autonomous Prefecture are mostly raw materials industries producing gold, silver, copper, tin, manganese, tungsten, asbestos, marble, and so forth, all of which are urgently needed by our country and are in very short supply on the market. Yang Rudai said: Since all the 18 counties of Garze Autonomous Prefecture have gold deposits, we may say that gold is available everywhere in the prefecture. Last year, 12 blocks containing natural gold, each weighing more than 1 jin, were excavated by the masses. The heaviest weighed 8 jin and 4 liang. It would be great if the prefecture could double its gold production each year!



Yang Rudai said: Opposing competition for high speed and promoting "quick flow if there is enough water" are both correct guiding principles set by the party Central Committee. While they seem to contradict each other, they are also complementary in that both are aimed at ensuring a quick and sound development of the national economy on the right track. As for where the emphasis should be placed in carrying out the above principles, it is imperative to proceed from the reality of the locality, have a correct understanding of the situation, and take correct action. In no way should we echo what others say and complicate things by mechanically copying others regardless of the actual situation of our own locality.

#### A New Approach to Education in Minority Areas Must Be Developed

Wherever Yang Rudai went, comrades in every county reported on the backwardness of education and the shortage of talented personnel; they requested that the province send more university graduates and that the inland transfer more technical personnel to help in the construction of the minority areas. Yang Rudai said: The most important and fundamental thing is still the development of education and the training of a large number of local and minority personnel.

Yang Rudai said: In educational endeavours, it is imperative not to engage in falsehood and formalism. Plans should be drawn up in accordance with the existing conditions of Garze Prefecture and in light of the availability of teachers. Yang Rudai deemed that education in Garze Prefecture should be developed by concentrating financial and human resources, reducing the scale, and grasping the essential points. The prefecture should concentrate its efforts on managing well some polytechnical schools. Counties having the necessary conditions may set up senior middle schools and open them to students from other counties. Those lacking the necessary conditions should refrain from doing so. Different levels of schools may be opened in different areas. For instance, the prefecture may run comprehensive elementary schools or schools with higher classes, and towns and villages may run lower classes. The essential point is to manage well state- or collective-subsidized middle and elementary boarding schools or classes. This is an effective way of dealing with the shortages of capital and qualified teachers and the inability of the people to shoulder expenses in minority areas. It is also conducive to raising the quality of education and to quickly training personnel.

#### Forest Resources Must Be Protected, and the Use of the "Three Types of Trees" Must Be Accelerated

Along the inspection route, Yang Rudai saw that amidst the lush green forests were many burned, wind-swept, and dried-up trees (commonly known as the "three types of trees"), and he lamented the sight. Comrades from the provincial forestry bureau accompanying Comrade Yang Rudai told him that the trees were left there unused because of the general ban on wanton felling of trees.

Yang Rudai said: Garze Prefecture's cadres and people are enthusiastic about cherishing forest resources and afforesting the land. In light of this, it would be unrealistic and contrary to the central authorities' policy of "quick flow if there is enough water" if we continue to restrict their use of the trees.

#### Do Not Tie Up One's Own Hands and Feet and Make Electricity Available to the People

Garze Prefecture has abundant hydropower resources. With the installation of several hydropower stations in Kangding, roughly half of the city's residents, or 6,000 households, now use electric stoves for cooking and heating. An electric stove consumes no more than 300 kilowatt-hours of electricity per month; each kilowatt-hour costs 3 fen.

With less need for firewood, Kangding City can preserve the vast wooded areas surrounding the city, minimize the destruction of vegetation, and effectively control soil erosion. Yang Rudai highly regarded this experience, which ensures a healthy cycle, and asked that areas with similar conditions popularize Kangding's methods.

Many leading cadres of Garze Prefecture's counties and autonomous counties were in total agreement with the observations made by Yang Rudai during his inspection tour. They particularly lauded his spirit of seeking truth from facts, and proceeding always from reality. Thus, the name "truth-seeking secretary" was given.

#### SICHUAN'S YANG RUDAI STRESSES ECONOMIC INFORMATION

HK200245 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 20 Oct 85

[Excerpts] Sichuan Provincial CPC Committee Secretary Yang Rudai spoke at a forum on economic information held by the Sichuan branch of XINHUA on 12 October. He expressed the hope that the leading departments at all levels in the province would attach importance to information and exploit sources of information, so as to help invigorate Sichuan's economy.

He said: Viewing the economic conditions in our province, there are very good conditions for agriculture and a certain foundation in industry. However, our economic development is not good enough. In particular, we lag far behind the coastal areas. Is this because we do not work hard enough? No. I think there are two main constraining factors: Communications are poor, and there is not enough information. We must solve these two problems in order to invigorate Sichuan's economy.

#### BANQEN ERDINI INSPECTS XIZANG MIDDLE SCHOOL

HK180659 Lhasa Xizang Regional Service in Mandarin 1130 GMT 16 Oct 85

[Excerpts] While inspecting the Xigaze Prefectural middle school and the Xigaze County middle school not long ago, NPC Standing Committee Vice Chairman Banqen Erdini stressed that it is necessary to firmly grasp education and to pay special attention to learning and using the Tibetan language.

When inspecting the Xigaze prefectural middle school in 1982, Banqen Erdini put forward cherished expectations. Over the past few years, this middle school and the Xigaze County middle school have earnestly implemented the policy of readjusting and reforming education; gradually reformed educational thinking, syllabi, and teaching methods unsuited to building modernization; effectively grasped basic education; and attached importance to the teaching and learning of the Tibetan language. As a result of the great efforts made over the past few years, the schools have greatly upgraded teaching and studying.

When inspecting these two schools not long ago, Vice Chairman Banqen Erdini visited the newly completed school buildings and all teaching and research sections, listened to reports by responsible comrades of the two schools on their work, and hailed the achievements made by the schools in education work. Vice Chairman Banqen Erdini said that education is a prime issue and leaders at all levels must pay attention to grasping education and must train more and more highly talented people for Xizang's construction.

On the subject of learning the Tibetan language, the vice chairman said that Xizang is an autonomous region primarily inhabited by people of Zang nationality. The Tibetan language is an age-old, commonly used language. All previous books on subjects such as astronomy, almanacs, poems, buddhist scripture, and Tibetan medical science, were recorded and written in the Tibetan language.

The language is a crystallization of the labor and wisdom of the Zang people over many years. For this reason, the Tibetan language was, and still is, undoubtedly the most commonly used language. This is not only a right of autonomy, but will also be an important means for maintaining links with the masses and carrying out our work properly in the future.

The central and regional authorities have given repeated instructions stressing the importance of learning and using the Tibetan language. There have been improvements in this respect over the past 2 years, but some problems still exist. The main reason for this is our failure to pay serious attention to the matter. This will adversely affect the development of minority education and the inheritance and development of minority culture.

The vice chairman emphatically pointed out that it is necessary to formulate some strict rules and regulations on studying and using the Tibetan language. Cadres and students of Zang nationality must first study well the Tibetan language. This is the most basic weapon they must master for building their hometowns. Cadres and students of Han nationality must also study the Tibetan language, as this will benefit them in establishing contacts with the masses and in carrying out their work.

#### YUNNAN MILITIAMEN AID IN WAR AGAINST VIETNAM

HK170746 Kunming Yunnan Provincial Service in Mandarin 2300 GMT 15 Oct 85

[Text] In coordination with border defense PLA units, Guangnan County militiamen, who have the glorious tradition of supporting the front, recently made further contributions in the self-defense counterattack against Vietnam. A large number of collectives and individuals have rendered meritorious military service.

This year, two groups of militiamen in Guangnan County successively supported the front. Under inclement weather conditions and despite the enemy's artillery fire, they were not defeated and refused to leave the front because of minor wounds or to leave their positions without accomplishing their tasks, thus vigorously supporting and coordinating with the border defense PLA units to severely punish the aggressors.

(Li Longquan), a militiaman in (Cuizhiguo) District, went with a team of pack horses along a sloping, long, narrow path. When a load carried by a pack animal was about to fall, he dashed ahead, disregarding his safety, and used his shoulder to support the load of the pack horse, turning a bad situation into a good one and protecting the safety of his comrades-in-arms. He was praised as a living Ouyang Hai. (Zhetu) District Militia Company always resourcefully crossed the enemy's closed areas regardless of cloudy skies, rain, daylight, or darkness, and steadily delivered ammunition and materials to the positions of the front. The commanders and fighters of the PLA unit praised them as an iron and steel transport line that could not be broken by explosives.

On 7 and 9 October, the Guangnan County CPC Committee and the County People's Government held a rally to commend meritorious service. Two companies and three squads were honorably awarded collective citations third class for merit. The title of front-supporting model company was conferred on our companies; and seventy-five militiamen were awarded citations for merit, third class.



I. 23 Oct 85

PRC REGIONAL AFFAIRS  
NORTH REGION

R 1

HEBEI SECRETARY URGES CADRES TO GRASP KEY POINTS

OW221817 Beijing Domestic Service in Mandarin 1200 GMT 21 Oct 85

[Text] Speaking at an enlarged meeting of the second plenary session of the third provincial CPC Committee today, Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, called on the leading cadres at all levels to grasp well five key points, take the lead in setting the party style right, consolidate the achievements of party rectification, and bring about fundamental changes for the better in party style and social practices. Xing Chongzhi pointed out that whether or not the leading cadres at all levels can play an exemplary role in correcting party style depends mainly on whether or not they can grasp the five key points well.

First, the key point of money: When tempted by money, should the leading cadres remain incorruptible? Or should they pursue money without scruples?

Second, the key point of power: Should the leading cadres use their authority to work for the interests of the people? Or should they use their authority to seek their own selfish interests or those of their relatives, friends, or clique?

Third, the key point of favoritism: When a person has power, people flock to him to flatter him and ask him for favors. When faced with such a situation, should the leading cadres be impartial and remain incorruptible? Or should they practice favoritism, sacrificing principles or breaking the law?

Fourth, the key point of personnel selection: Should the leading cadres choose a person based on his or her ability and virtues or based on whether or not that person is a relative of theirs?

Fifth, the key point of honesty: Should the leading cadres be honest in performing their official duties and launch arduous struggles? Or should they accept invitations to banquets and personal gifts and indulge in a life of ease and comfort?

Xing Chongzhi said that these five points explain the issue of correctly handling the relationship between one's official duties and private affairs in a nutshell. All leading cadres must be completely selfless at all times and should never seek personal gain for themselves at the cost of public interests. Therefore, whether or not one can grasp these five key points well is a most accurate criterion as well as a most severe test of whether or not one has established the communist world outlook and the communist philosophy of life. All communist party members, particularly leading party-member cadres, must consciously strengthen their party spirit, correct party style, abide by party discipline, lead a life strictly conforming to the party's organizational rules, sincerely accept the masses' supervision, and temper themselves in the test of the five key points.

HEILONGJIANG SECRETARY AT CONCERT FOR PEASANTS

SK201330 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 15 Oct 85

[Text] A solo group of the central philharmonic orchestra held a peasant-language concert at the theater in the provincial exhibition hall on the evening of 15 October. The concert was sponsored by NONGMIN ZHIFU ZHIYOU ZAIZHI SHE [Friends Making the Peasants Become Rich] and WENMINGCUN ZAIZHI SHE [Civilized Village Magazine] This was the first concert intended only for the peasants in our country as well as in our province.

(Hu Conghua), (Gao Yiyan), (Lou Tianchan), and (Zhang Lihe) introduced their music to the peasants of our province. Thunderous applause greeted the performances on the stages of Harbin City. The performances were broadcast to peasants across the province last evening. Li Lian, Jing Bowen, Zhang Xiangling, and Zhang Lin attended the concert.

HEILONGJIANG SECRETARY ADDRESSES RETIRED CADRES

SK190330 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 17 Oct 85

[Text] The provincial meeting of representatives of retired cadres opened in Harbin today. The main subject for discussion is how to regard the guidelines of the National Conference of Party Delegates as a guiding principle in comprehensively realizing the work for veteran cadres. Attending the meeting were Li Lian, Chen Lei, Liu Chengguo, Zhou Wenhua, Liu Zhongli, Bai Jingju, Li He, Wang Fei, Zhang Lin, Liu Huixian, Wang Zhaozhi, Bao Zong, Wang Weizhi, Li Min, Wang Dexin, Wang Yilun, and Zhao Dezun.

The meeting was presided over by Zhou Wenhua, deputy secretary of the provincial CPC Committee. Liu Chengguo, deputy secretary of the provincial CPC Committee, delivered a work report. On behalf of the provincial CPC Committee and the provincial government, Li Lian, secretary of the provincial CPC Committee, made a speech entitled "Attain Still Higher Goals To Create A New Situation."

He said: Our province is one of the old revolutionary bases. More than 100,000 of 150,000 veteran cadres in our province have resigned from their working posts. In the next 1 or 2 years, a large group of veteran comrades will vacate their posts. So many retired cadres is a key force that we cannot ignore. The retired veteran cadres present at the meeting and some other retired veteran cadres have done practical deeds in taking the lead in reforming the cadres system of the party and the state and abolishing the cadres' lifetime tenure system existing in reality, and have been a shining example for our party and their successors.

Li Lian emphatically pointed out: Some veteran comrades, though retired, have still showed concern for the party's cause and expressed their lofty beliefs and strong will in communism. Many veteran comrades have volunteered to do what they can for society and have continued to work hard for the revolutionary cause. We cannot separate progress in all undertakings from the work of the veteran comrades. Veteran comrades had been and are valuable wealth of the party. Our revolutionary comrades should not forget them.

Li Lian said: The work for veteran cadres is of great importance. CPC committees at all levels should pay attention to and conscientiously strengthen leadership over this work. The comrades in charge of the work for veteran cadres should attach strategic importance to the work. Li Lian urged veteran comrades to continue paying attention to the party's cause and to strive to fulfill the tasks assigned by the party. He also wished retired veteran comrades throughout the province good health and a long life.

JILIN EXPOSES ILLEGAL BURDENS ON PEOPLE

SK211204 Changchun Jilin Provincial Service in Mandarin 1030 GMT 19 Oct 85

[Station commentary: "Be Resolute in Lightening the Unreasonable Burdens of Peasants"]

[Text] Over the past few years, the CPC Central Committee and the State Council have repeatedly issued directives on lightening the peasants' burdens. However, judging from the province's actual situation in 1985, some localities have added to the peasants' burdens instead of lightened them. According to the investigation data compiled by the departments concerned, a number of townships and towns across the province have scored around 40 yuan of the per capita burden this year. The heaviest burden has reached 50 or 60 yuan. Specific individuals have had burdens of 80 yuan. Judging from the burdens in some localities, the excess burden of the peasants is chiefly attributed to the following three causes:

1. Some localities have conducted such overestimations of the peasants' capability for burdens that they have collected money from the peasants without any hesitation.
2. The departments and units have only paid attention to their needs without taking into consideration the peasants' interest and concocted various pretexts for arbitrarily apportioning expenses, collecting fees, raising prices, and imposing fines on peasants. As a result, the peasants have assumed the tens of burdens that have greatly surpassed their capability in this regard.
3. The excess burdens of the peasants have encouraged evil trends. Localities whose peasants have assumed excess burdens have incurred extra expenses of every description. Some cadres in grass-roots level units have made use of these chances to embezzle collected funds.

All of these wrongdoings have been complained about by the peasants and the steady increase of unreasonable burdens to peasants has dempened the peasants' enthusiasm in production, weakened the peasants' capability in expanding reproduction, and has adversely affected the further development of the commodity economy in rural areas and the relationship between the party and the people. The key to lightening unreasonable burdens for the peasants lies with the leading organs of all levels. The leading personnel at all levels should correctly understand the situation in rural areas and adequately estimate the extent of the peasants' wealth. At present, the peasants who have truly become wealthy are still small in number and most have just dealt with the problems of food and clothing. A number of peasants, at present, have still not dealt satisfactorily with these problems.

As for the kinds and volume of reasonable burdens for peasants, we should work out clear and accurate provisions. Enforcing the method of fixed types and restricted volume is an effective measure for lightening the peasants' burdens that can be supervised by the masses. Efforts should be made to prevent various departments from apportioning expenses arbitrarily on peasants and conducting frequent inspections and supervision. In addition, those who have made use of the opportunity to embezzle public funds and have been seriously complained about by the masses should be openly dealt with and those who have committed serious crimes should be punished in line with the law. The leading organs at all levels must pay high attention to these wrongdoers and should adopt practical effective measures to resolutely lighten the unreasonable burdens on the peasants.



JILIN LEADERS AT SERVICE FOR FORMER CPC OFFICIAL

SK190304 Changchun Jilin Provincial Service in Mandarin 1030 GMT 18 Oct 85

[Excerpts] Comrade Fu Zhensheng, a loyal communist fighter, retired cadre, and former member of the Secretariat of the Jilin Provincial CPC Committee and vice chairman of the provincial CPPCC Committee, died of illness in Changchun at 1810 on 11 October at the age of 83. When Comrade Fu Zhensheng was ill, Comrade Qiang Xiaochu, and leading comrades of the provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee and the provincial Discipline Inspection Commission often visited him in his home and the hospital. According to the last wish of Comrade Fu Zhensheng and the opinions of his family members, the funeral will be simple and no memorial meeting will be held.

In order to show mourning for Comrade Fu Zhensheng, more than 500 people from various circles of the province and Changchun City gathered at the funeral hall of the first clinical hospital of Bethune Medical College to pay their last respects to the remains of Comrade Fu Zhensheng with deep grief. The funeral hall was filled with a solemn silence. The body of Comrade Fu Zhensheng, covered with the flag of the CPC, was laid amid fresh flowers and green cypress.

Those present to pay their last respects were leading comrades of the provincial CPC Committee, Advisory Commission, People's Congress, government, CPPCC Committee, Discipline Inspection Commission and Military District, and Changchun City CPC Committee and government, as well as retired veteran cadres, including Gao Di, Wang Daren, Liu Jingzhi, Wang Xianjin, Gao Dezhan, Wang Zhongyu, Li Yaquan, (Du Xinlin), Hui Liangyu, Xiao Chun, Wang Jiping, Liu Cikai, Cheng Shengsan, Wu Duo, Wang Jiren, Yu Ruihuang, Dong Su, Xu Yuancun, Gao Wen, Wang Jinshan, Zhang Fengqi, Zhang Dexin, Geng Yuelun, Luo Yuejia, Xin Cheng, Chen Xingyin, (Zhang Baohua), Yu Lin, Yu Ke, Mu Lin, Song Renyuan, Zhao Tianye, (Shi Linqi), Zhang Kaijing, Wang Guanchao, Cui Cifeng and (Yue Lin). Responsible comrades of various departments, committees, offices, sections and bureaus of the provincial organs, representatives of office cadres, and some medical personnel of the first clinical hospital of the Bethune Medical College also paid last respects to the remains of Comrade Fu Zhensheng.

LIAONING RIBAO REPORTS FULFILMENT OF SIXTH PLAN

SK182240 Shenyang LIAONING RIBAO in Chinese 29 Sep 85 p 1

[Text] During the period covered by the Sixth 5-Year Plan, our province has established a better ratio among the major economic branches, has prefulfilled and overfulfilled the major economic targets set by the Sixth 5-Year Plan, and has witnessed a good economic situation seldom seen since the founding of the PRC.

During the period covered by the Sixth 5-Year Plan, a series of profound changes have taken place in the province's economic life. Thanks to the institution of various economic contract responsibility systems in the rural areas and the vigorous development of commodity production, agriculture has developed in a fairly rapid manner, and the protracted stagnant situation in agricultural production has ended. The ratio between agriculture, light industry and heavy industry went up from 11.3 to 28.7 to 60 in 1980 to 18.1 to 28.8 to 53.1 in 1984. The targets set in the Sixth 5-Year Plan calls for an average yearly increase of 4 percent in the total provincial industrial output value from 1981 to 1985, with light industry increasing by 7.4 percent and heavy industry by 2.3 percent.

Practical results in implementation show that in the first 4 years covered by the Sixth 5-Year Plan, the total provincial industrial output value increased by an average annual rate of 6.4 percent; light industry by 9.8 percent; and heavy industry by 4.7 percent. Of the 59 major products covered by the Sixth 5-Year Plan, the output targets of 34 were prefulfilled by 1 to 2 years. They include crude oil, natural gas, rolled steel, raw coal, cement, chemical fertilizer, chemical fiber, and so forth. Proceeding from mastering market information, light industrial enterprises have continuously increased the production of readily marketable consumer goods thus satisfying the people's demands in a fairly good manner. Meanwhile, heavy industrial enterprises have readjusted the structure of products, expanded the service realm, and served as a mainstay in promoting the development of production and construction.

The readjustment of the structure of rural production has vigorously promoted the development of grain production. The target for total grain output value set by the Sixth 5-Year Plan was prefulfilled by 2 years. It was the first time the province has achieved a balance between the purchasing and marketing of grain. Rural commodity production has been on the rise. The commodity rate of agriculture went from 43.6 percent in 1980 to 57.2 percent in 1984. In particular, the rapid development of town and township industries has made it possible for the output value in industrial sideline production to increase at an average annual rate of 37.4 percent, and its proportion in the total agricultural output value to increase from 17.9 percent in 1980 to 30.3 percent currently, thus changing the structure of agricultural production.

During the period covered by the Sixth 5-Year Plan, our province has achieved gratifying results in investment in the fixed assets; in strengthening the construction of energy, communications, and other key projects; and in carrying out technical transformation among existing enterprises. In the first 4 years of the Sixth 5-Year Plan, the volume of investment in capital energy industrial construction accounted for 30 percent of the total in capital construction, the highest in history. In capital construction, the relationship between production and nonproduction sectors as markedly improved. The proportion of investment in such nonproduction projects as residential construction, cultural and educational undertakings, public health facilities, and urban public utilities has also gone up remarkably.

The vigorous development of tertiary industry has made the urban and rural markets flourish, and has continuously increased the supply of the people's daily necessities and other goods. The Sixth 5-Year Plan fixed the provincial commodity purchases at 17 billion yuan. At the end of 1983, provincial commodity purchases reached 17.2 billion yuan, fulfilling the plan 2 years ahead of schedule. Along with the development of production, living standards of urban and rural people have improved greatly. In 1984, per-capita income of rural residents in the province came to 477.7 yuan, a 74.9-percent increase over 1980, prefulfilling by 1 year the target of 400 yuan as demanded by the Sixth 5-Year Plan. The average wages of workers and staff members of state units have increased from 833 yuan in 1980 to 989 yuan, an 18.7-percent increase. Peasants have outstripped workers and staff members in the increases of income and expenses, and the gap between urban and rural living standards is gradually narrowing.

PRESIDENT ISSUES MESSAGE ON OVERSEAS CHINESE DAY

OW210249 Taipei CNA in English 0236 GMT 21 Oct 85

[Text] Taipei, Oct. 20 (CNA) -- President Chiang Ching-kuo Sunday called on Overseas Chinese to continue striving hard and fulfill the destiny of traditional Chinese culture by crushing Chinese Communists united front ploys.

Their contribution will further unite the anti-communist strength of all Chinese around the world in the task of accelerating the accomplishment of the national recovery mission President Chiang said in his congratulatory message on the occasion of the 33rd Overseas Chinese Day which falls on Oct. 21.

Chiang, in his message, expressed his appreciation to Overseas Chinese for their return to join the double tenth National Day celebrations. Their full support of the Republic of China, he said, demonstrates the glorious spirit that is embodied in the saying "Overseas Chinese are the mother of national revolution."

He said he is deeply grateful for the Overseas Chinese who dedicated themselves to the national revolution and the establishment of the Republic of China decades ago.

Last Overseas Chinese Day, Chiang said, he urged all Chinese people at home and abroad to join together closely in pursuit of national development under the three principles of the people, and overseas compatriots responded warmly to his call.

Many freedom seekers came to the Republic of China by air and water after fleeing the Chinese mainland at the risk of their lives. Many anti-communist fighters also returned here from foreign countries, he pointed out. Their brave actions fully prove their eagerness for freedom and democracy, and also tolls the bankruptcy of communism the president said.

As Chinese Communists are crazy in playing their united front ploys to isolate the Republic of China and attempt to dissolve the unity of Chinese abroad, President Chiang said he believes all Overseas Chinese have a common understanding on national solidarity and jointly struggle to win a final victory in this national mission.

TWO PRC REFUGEES ARRIVE IN TAIWAN 20 OCT

OW211249 Taipei CNA in English 0940 GMT 21 Oct 85

[Text] Taipei, Oct. 21 (CNA) -- Two young mainland Chinese refugees, who escaped from Mainland China on a rubber raft last Sept. 26 and were rescued by South Korean fishermen, arrived in Taiwan Sunday.

Mainland Chinese refugees affairs and security authorities concerned are looking after the two young men, identified as Chu Hsi and Liang Feng. Chu was a worker of a ship-building factory in Canton, while Liang was a rice mill factory worker.

Three days ago, the South Korean Government delivered Chu and Liang aboard "Ever Giant," a containership of Evergreen Marine Corp. of the Republic of China. The ship arrived at Keelung Harbor around 4 p.m. Sunday and docked at No. 10 pier.

The two mainland Chinese young men were rescued by a South Korea fishing boat on the high sea after they headed for sea from Mainland China near the end of last month.



After they were brought to Inchon in South Korea, the two mainland refugees expressed their desire to seek freedom.

Chu and Liang were immediately whisked off by officials of the agencies concerned after they arrived in Keelung.

Sources close to Free China Relief Association, which handles mainland Chinese refugees affairs, said that the relief organization will hold a press conference for the two in the next few days.

BUSH SPEECH TO PRC STUDENTS WELL RECEIVED

OW211321 Taipei International Service in English 0200 GMT 21 Oct 85

["Daily News Commentary"]

[Text] U.S. President Ronald Reagan preached the merit of capitalism while visiting Red China last year. His vice president has just done the same again.

Speaking to a group of students in Chengtu this week, George Bush said it was capitalism that has made America strong and wealthy. He also told his audience that Asian Americans are the highest income group in the United States. American capitalism, Bush said, can help Red China's four modernizations.

Bush's speech was well received by his student listeners, as indicated by the applause from them. The American vice president's argument could even be more persuasive if he had told the students in Chengtu that it was the same American system that has given prosperity to the Chinese people in Taiwan, Hong Kong, and Singapore. But the Chengtu students don't have to be told that to appreciate the usefulness of free economy and the political democracy. Practically all Chinese intellectuals on the mainland realize that the only thing that has retarded progress is the stifling communist system.

Unfortunately, neither President Reagan nor Vice President Bush can convince Peking's communist rulers of the necessity to jettison their bankrupt system. It is not that Teng and his allies are stupid. They are just selfish. Answering the Republic of China's call to get rid of communism would benefit the Chinese people, but it would involve the collapse of the communist regime and the end of the rulers' perquisites and prerogatives.

Many observers in the West have mistaken Teng Hsiao-ping's economic reform as the first step toward the restoration of capitalism. They cannot be more mistaken. Teng and his allies launched the economic reform to save the communist system, not for the sake of bringing freedom and happiness to the people. This is reflected in the fact that the so-called four basic principles of perpetual communist rule have been written in the Tengist constitution. During last month's special party conference in Peking, both Teng Hsiao-ping and Chen Yun, leader of the so-called conservative faction, reaffirmed the regime's policy not to deviate from the road of Marxism-Leninism. Teng, the architect of the supposed liberalization in Red China, outdid even his conservative critic by calling on all party cadres to study Marxist-Leninist theories.

In the last couple of weeks, Peking's propaganda apparatus has loosened up in concentrated attack on decadent capitalist influences and called on writers, artists, and the press to follow the party line. This being the case, Bush is well aware that salesman of democracy in Red China will not endear him to his communist hosts, even though he can readily find a receptive ear among the people there.

COMMENTARY ON REDRESSING TRADE IMBALANCE WITH U.S.

OW192148 Taipei International Service in English 0200 GMT 17 Oct 85

[Station commentary]

[Text] A ranking financial official of the Republic of China [ROC] predicted in Washington last week that free China will become a low tariff country by the end of the decade.

The ROC top customs administrator Lai Yingchao made a remark at the end of his 3-day trade parley between free China and the United States. Lai was a member of the ROC delegation to the trade talks. He said that free China's average tariff rate will drop to 5 percent by the beginning of the next decade, down from the present 7.5 percent.

At the Washington trade negotiations, the ROC agreed to reduce tariff rate on 192 items beginning on New Year's Day 1986. That will bring down the average tariff rate to 6.5 percent. It is the 11th consecutive reduction of the ROC tariff rate since 1974, and the 4th since ROC-U.S. trade negotiations began in 1978.

Lai said: The latest tariff reduction is expected to cut the ROC customs revenue by some U.S. \$25 million a year. The United States presented a list of 174 items for tariff reduction, of which the ROC agreed on 112. But Taipei volunteered 80 additional items of which the United States has 25 percent or more of the Taiwan market to show its sincerity in reducing its trade surplus with the United States.

Another major concession the ROC made at the Washington trade parley is the virtual dismantling of its wine and tobacco monopoly system. From now on, U.S. cigarettes, wine and beer will be imported at a tariff at par with the monopoly benefit of the Taiwan Provincial Wine and Tobacco Bureau. Other concessions the ROC side made included ease of restrictions on the business of U.S. insurance companies and banks; reduction of foreign films and entertainment tax from 35 to 25 percent; the waiver of a U.S. \$2,000 surcharge on imported foreign films, with the exception of Japanese pictures; and liberalization of rules, financial leasing and the operation of American banks.

The concessions offered by the ROC appear to be the result of pressure from the rising protectionist sentiment in U.S. Congress. But it is not the only reason. Support for free trade has been an established policy of the ROC Government for the very simple reason that the ROC is a major trading power. Without free trade, no free economy can survive. That explains why the ROC Government began to take steps to redress its trade imbalance with the United States long before the American people recognized the seriousness of their trade deficit.

Now that free China has further demonstrated its sincerity in solving the trade problem, it is up to the American business community to expand its sales to the Taiwan market. The best way to reduce the trade deficit is to increase exports, not reduce imports. By the same token, the ROC is trying to cut its trade surplus with the United States by boosting imports from the United States instead of reducing its exports to the American market.

ECONOMICS MINISTRY TO STRENGTHEN U.S. OPERATIONS

OW210315 Taipei CNA in English 0256 GMT 21 Oct 85

[Text] Taipei, Oct. 1 (CNA) -- The Economics Ministry has decided to strengthen the functions of its units in the United States, and has also instructed the Board of Foreign Trade to watch closely the development of protectionism in the U.S. and take necessary actions to fully protect the nation's interests.

Lu Chao-chung, chief of the economic section of the Coordination Council for North American Affairs, said in a briefing to Economics Minister Lee Ta-hai Saturday that good timing is a principal reason for the success in the recent ROC-USA trade consultative talks in Washington.

Because of our sincerity, the U.S. has finally decided to exclude the Republic of China from its investigation of unfair trade practices, he said. Lu, however, urged the people here not to be too optimistic because the U.S. Congress has already proposed other protectionist bills which might seriously affect imports from this nation.

Lee, after listening to the briefing, said that the Economics Ministry has decided to strengthen the functions of the economic sections of the CCNAA offices in the U.S. He said that the Economics Ministry will provide its units in the U.S. with all necessary support and information to strengthen communications with the U.S. Lee said that the Republic of China will continue to show its sincerity in cooperating with the U.S., which is the nation's most important trade partner.

#### PHILIPPINES RESTRICTS TAIWAN YARN IMPORTS

HK190704 Hong Kong AFP in English 0613 GMT 19 Oct 85

[Text] Taipei, Oct 19 (AFP) -- The Philippines has restricted imports of synthetic yarns from Taiwan in retaliation for not being able to sell more coconuts an official of the Board of Foreign Trade (BOFT) said today.

The official said the Manila authorities told the BOFT earlier this week that imports of Taiwan synthetic yarns would be restricted.

Taiwan considered the move retaliation for a BOFT decision in June to suspend coconut imports from Southeast Asian countries to protect the domestic coconut industry, he said.

The official Taiwan trade authorities would talk to their Manila counterparts to prevent the incident from leading to a trade war, he added.

Taiwan buys some two million U.S. dollars' worth of coconuts from the Philippines annually, but sells it more than 10 million U.S. dollars worth of synthetic yarns, the official said.



PRC WORRIED BY USE OF HONG KONG DOLLAR IN GUANGDONG

HK180327 Hong Kong SOUTH CHINA MORNING POST in English 18 Oct 85 pp 1, 12

[By Terry Cheng]

[Text] The extensive use of the Hong Kong dollar in Guangdong has Beijing so worried it has sent a noted economist to the territory to study the situation.

Professor Qian Jiaju, who is vice-president of the central Socialism College, said yesterday he would report his findings to the central Government.

During his three-week study trip, scheduled to end this week, Prof Qian sought the views of economic researchers, monetary and financial experts. He also discussed the economic situation with Mr Xu Jiatun, the director of the local branch of the New China News Agency.

Prof Qian's trip was commissioned by the State Council. He is a member of the Standing Committee of the Chinese People's Political Consultative Conference and deputy head of the Economic Construction Group under the Standing Committee.

Prof Qian said the currency situation in Guangdong and the special economic zones was "very chaotic."

Three kinds of currencies are being circulated there -- renminbi, foreign exchange certificates (FECs) and the Hong Kong dollar. He said the Hong Kong dollar was the most widely used, followed by foreign exchange certificates. The situation has persisted for some time and it had been the subject of Prof Qian's speech to the CPPCC meeting last year.

He was unable to give the amount of Hong Kong dollars circulating in Guangdong but he said it must be "very big". "The situation is abnormal and should be rectified". He said the wide circulation of foreign currency was infringing on China's sovereignty and national dignity.

Because of the high exchange rate for the Hong Kong dollar in the black market, Hong Kong residents were cashing in on the situation. In addition, the wide circulation of the Hong Kong dollar has reduced overseas remittances to China, he said.

To rectify the situation, Prof Qian said China should strengthen its administration of currency. As a first step, circulation of the Hong Kong dollar on the mainland should be stopped. "We should support our own currencies," he said.

Prof Qian said rectification measures should not hinder ties between the mainland and Hong Kong. But he stressed the problems relating to FECs must be solved. There had been proposals at the National People's Congress and the CPPCC to abolish FECs. "But for the time being there are difficulties." He said the decision to issue FECs was not wrong, "only its control was too lax."

The decision on whether to issue a special currency for special economic zones has yet to be made. However, Prof Qian said he personally did not favour the idea. He said China should aim at making renminbi a freely convertible currency.

I. 23 Oct 85

W 2

CHINA  
HONG KONG MEDIA ON CHINA

On the trade balance which tilted in Hong Kong's favour late last year -- the first time in many years -- Prof Qian said it was mainly caused by the poor quality of mainland products. Parallel goods to Hong Kong did not play a significant part.

Trade balance with Japan and the United States had also been unfavourable. To rectify the situation, Prof Qian said there should be measures to increase China's export capability by improving product quality. He said it would take China at least 20 to 30 years to achieve a favourable trade balance internationally. He said it would not diminish Hong Kong's "middleman" role.

Economic relations between China and Hong Kong would become closer in due course as they could complement each other.

Hong Kong can depend on the mainland for resources and a vast market, while the mainland can depend on Hong Kong for technology and management skill.

#### WANG GUANGYING ON REPORTS OF RECALL TO PRC

HK200912 Hong Kong SOUTH CHINA MORNING POST (BUSINESS NEWS SUPPLEMENT) in English  
20 Oct 85 p 1

[Text] Wang Guangying, chairman of Everbright Industrial Corporation has described reports that he was being recalled to Beijing as "ruinous rumours."

The stories started when he went back on a visit recently.

Some reports claimed he was being recalled by the China Government because of serious mistakes.

In an interview with the Hongkong Economic Journal, Mr Wang said Everbright's Hong Kong performance had been recognised by the Government in China. "Nobody can be free of mistakes," he said. "In my two years at Everbright, I haven't done anything seriously wrong or made any deals which I regret. All the accusations against me are illfounded." Mr Wang shrugged off criticism that he "talks too much."

He had to make his company known after he set it up in 1983, he said. "Many people were very concerned about me when I first came here. They were very interested in Everbright. If I seem to be a lot quieter these days it's not because I have made mistakes, but rather because our business has grown to the extent that it is quite dangerous for me to disclose something carelessly."

Mr Wang said he attended the National Day celebration in Beijing and went out with a lot of Government leaders. He was also invited to attend a party meeting and some business conferences. "How could I attend these meetings if I had committed serious mistakes in Hong Kong?" he asked.

#### EDITORIAL CALLS BUSH REMARKS ON PASSPORTS 'TIMELY'

HK200830 Hong Kong SOUTH CHINA MORNING POST in English 20 Oct 85 p 6

[Editorial: "Bush Makes Timely Move"]

[Text] The brief statement made yesterday by the Vice-President of America, Mr George Bush, that his country would recognise the new British National (Overseas) [BNO] passports to be used beyond 1977 could scarcely have been more timely.

I. 23 Oct 85

W 3

CHINA  
HONG KONG MEDIA ON CHINA

It has given a tremendous boost to the validity of these documents and will be a major help to the British and Hong Kong governments as they attempt to ensure further recognition by countries around the world.

It has also come as a very timely aid to the Hong Kong Government which has been under sustained fire from several sources since the Draft Order was published on Thursday.

Mr Bush carries with him the power and authority of the President of the most influential country in the world. It is also the place which ranks top of the list of countries where the majority of Hong Kong BDTCS [British Dependent Territory Citizen] and likely-to-be BNOs would most prefer to visit or, if at all possible, re-settle.

The backing of America for the new passports will almost certainly open other doors and a definite policy statement from the present administration would be most welcome. It should be noted that the American consul-general in Hong Kong, Mr Burton Levin, has previously stated that he felt there would be no problem in recognition of the BNO documents.

It was also revealed yesterday that the British Government would be actively consulting other governments once the Draft Order has been passed through the Westminster parliament. This may, for the moment, alleviate some initial doubts as to the real desire of Britain to seek international acknowledgement for the proposed travel documents.

As was noted by several Hong Kong-based diplomats, Britain had made only a "rather skimpy reference" to such international recognition. It was also observed that there has been little stated about the situation for third nations who will have to accept the new passport holders.

It will be up to the British Government to actively seek this international recognition and the more quickly and forcefully the better. Hopefully, it will not come down to a case of the "hard sell." But there can be no doubt that it will require a vigorous and enthusiastic campaign by Britain to ensure that the BNO passport does not become something akin to the Nanjiang passport or some other equally doubtful document of other years.

But American recognition and a British government move to gain wider support does not remove some of the many doubts which have already been expressed about the Draft Order. There has already been widespread condemnation by minority groups here, with the Indian community particularly vocal. And they have a clear and undeniable right to doubt and anger.

As the present leader of the Indian community in Hong Kong, Mr Hari Harilela, points out, there are families here whose roots go back as far as 1841. They have been part and parcel of the pattern of Hong Kong life for generations. Their chief fear is for their descendants who will become virtually stateless when Hong Kong moves into 21st century.

The doubts and scepticism about the proposed travel documents will be with us for some time and there is much that can change in the future. But for the moment, the American attitude, at least, is encouraging.



HONG KONG STANDARD VIEWS BUSH REMARKS ON TRADE

HK200855 Hong Kong HONG KONG STANDARD in English 20 Oct 85 p 12

[Editorial: "Soothing Words for Worried Exporters"]

[Text] U.S. Vice President George Bush passed through Hong Kong like a hurricane during his brief stay here from China, but he brought good news with him.

Even though he did not come out openly and say it, he implied from his illuminating luncheon remarks yesterday before a packed gathering of Hong Kong businessmen and community leaders that the Reagan administration stood for free trade. It was against protectionism as it was again the protectionist Jenkins Bill with all its ramifications.

This is reassuring for our textile industry whose leaders -- in the wake of the recent passage of the Jenkins Bill in the House -- have been expressing growing concern that the bill might pass the Senate before going, in the final stage, to President Reagan for executive action.

Based on what Bush said, Reagan is now expected to veto the bill which would then deservedly die a natural death.

Smooth and eloquent, Bush expertly fielded questions tossed at him by reporters at a separate session. He refused to be drawn into positively saying that Reagan would definitely veto the bill. But the Bush message was clear: The administration is against any form of protectionism which hinders free trade. "You know about the protectionist legislation that is moving through Congress. The President will continue to fight against pure protectionism measures." This summed up Bush's remarks.

It was free trade, he said, which made Hong Kong so successful, so much so that Hong Kong is known throughout the world, not just as Asia's city of light but "Asia's trading jewel as well."

Bush, who had come to Hong Kong from China, said that since his last visit to China three years ago, the country has greatly changed, having in his words, "discovered the magic of incentives."

Hong Kong businessmen, who are looking to China more and more as a growing market, are fully aware of this as their deals, trading and joint ventures with China have been growing beyond expectations. Decentralisation, of course, has been responsible for the change sweeping through China in keeping with the country's modernisation policy.

The Chinese bureaucracy is no longer as rigid and monolithic as it was. China has also created four special economic zones (SEZs) -- Shenzhen, Zhuhai, Shantou and Xiamen -- which have accumulated more than 4,700 joint ventures worth U.S. \$2 billion, U.S. \$840 million of which have been put to good use.

Additionally, China also designated 14 coastal cities as economic development zones in May 1984. Combined, these 14 cities have about eight percent of China's population, but account for 23 percent of China's total industrial production value, and 40 percent of China's foreign trade.

All this is significant for Hong Kong which had a favorable trade balance of HK\$7 billion with China for the first time for the first seven months of this year, compared to a deficit of HK\$13,787 million for the corresponding period last year.

And Vice President Bush knows only too well of the symbiotic relations between Hong Kong and China. He also expressed confidence that if China continues to open its economy -- and indications point to this -- Hong Kong's China connection could strengthen the U.S.-Hong Kong relationship.

One sign of this promise, Bush said, is that U.S. exports to China passing through Hong Kong more than doubled in the first half of this year.

Bush was euphoric that Hong Kong faces a bright future in the run-up to 1997 and after 1997 as the Sino-British agreement assures this. American firms in Hong Kong, he said, are here to stay, further proof of their confidence in Hong Kong's future. Hong Kong, as known, is the U.S.' tenth largest trading partner.

Despite the good news he brought about the administration's stance against protectionism, Bush said the U.S. has a record deficit of U.S.\$150 billion, half of which is with what he called the Pacific rim countries. And clearly the U.S. has to do something positive to reduce this deficit.

While it was all well for countries in the region to want to sell more to the U.S., the reverse was also true: These countries should not close their doors to U.S. exports.

Hong Kong is excluded from this as Bush knows that Hong Kong, being a free market, does not impose any restrictions on imports, which are dictated by market demands. But Bush warned against unfair trade practices around the world and hoped that countries that talked about trade liberalisation would practice what they preached. His plea for an open and fair trading system, which applies to the U.S. as well, should be heeded by all concerned.

#### OPERATIONS OF XINHUA'S HONG KONG BRANCH REVIEWED

HK210505 Hong Kong SOUTH CHINA MORNING POST in English 21 Oct 85 p 23

[Text] Nominally, the Hong Kong branch of New China News Agency [NCNA] operates as a news organisation. But really, the branch has always been an umbrella organisation of various Chinese departments and units.

It owes its origin to special historic circumstances. The branch was set up in 1948 on the eve of the communist "liberation" of the mainland to promote its overseas propaganda. It was then headed by Mr Qiao Guanhua, who became the Chinese Foreign Affairs Minister in 1970s.

The NCNA was also charged with the work of dealing with the Hong Kong Government and that was the beginning of the branch becoming China's representative here. However, the Hong Kong Government refused to allow Beijing to set up an official representative office fearing that would undermine its authority. At the same time, the Chinese Government would not agree to set up a consulate here in order not to acknowledge Hong Kong as British territory.

The NCNA Hong Kong branch is not led solely by one authority in Beijing. The most well known Beijing setup connected with Hong Kong is the Hong Kong and Macau Affairs Office under the State Council, which is now headed by Mr Ji Pengfei, a state councillor. This office co-ordinates China's state policy matters towards Hong Kong.

The most authoritative work unit in Beijing is the small Hong Kong and Macau affairs group under the Central Committee of the Communist Party. The party's top organisation in Hong Kong, the Hong Kong-Macau Work Committee, which oversees almost every aspect of the communist work here, reports directly to the party group in Beijing. The committee has always been headed by the NCNA director. Because of this, Beijing's presence in Hong Kong is always linked with the branch's base.

Sensitive bodies like those on intelligence are believed to have their presence in the NCNA, but Beijing may well have its people elsewhere. At present the branch's hierarchy comprises one director, four vice-directors, two assistant directors, one secretary-general and several deputy secretaries-general.

The director, Mr Xu Jiatun, 69, holds more or less the same authority as before despite the fact that he retired last month from the party's Central Advisory Commission. The four vice-directors are Mr Li Chuwen, Mr Zheng Hua, Mr Chen Daming and Mr Chen Bojian. Mr Li, who is in his late 60s, is from Shanghai. He is in charge of the foreign affairs, united front and economic work.

Mr Zheng Hua, who is in his mid 50s and received his secondary education in Hong Kong, is believed to be in charge of organisation work. He was elected last month to become an alternate member of the party's Central Committee.

Mr Chen Daming, who is in his 60s, is believed to be in charge of the work on "mass" organisations and intellectuals. He was a communist guerrilla fighter in the Hong Kong area during the Japanese invasion of China. He spent 30 years in Beijing before being posted back here with Mr Xu.

Mr Chen Bojian, who is also in his 60s, is from NCNA in Beijing. He heads the news division, which is housed separately from other branch operations.

Further down the hierarchy are two assistant directors, Mr Wang Rudeng, who also heads the NCNA's office in Central, and Miss Chen Fengying, whose work is believed to involve Taiwan. Both Mr Wang and Miss Chen are local recruits and have worked for the branch for many years. They are in their 40s.

Mr Yang Qi is now the acting secretary-general. His deputies include Mr Qiao Zonghua, Mr Mao Junnian, Mr Niu Chao, Mr Huang Wenfang. Mr Yang has been with the NCNA for quite some years. Previously, he was a journalist in Guangzhou.

Mr Qiao, the son of the late Mr Qiao Guanhua, is in his early 40s, and is a member of the Chinese team to the Joint Liaison Group on Hong Kong. Last month he was elected as an alternate member of the party's Central Committee.

Mr Mao, in his late 40s, is a Hong Kong University graduate. He was a teacher in a Government-subsidised school for many years before joining NCNA last year. He is deputy secretary-general of the Basic Law Drafting Committee.

Mr Niu came to Hong Kong with Mr Xu from Jiangsu. He was said to be a speech writer of the director. He is believed to be in his 50s.



Mr Huang is a local recruit and has worked for a long time with the branch. His work is believed to be connected with Taiwan.

The NCNA has also set up several other departments, including foreign affairs, propaganda, social services, co-ordination, culture and education, economics, research and recreation.

People in charge of the departments are:

- Foreign Affairs: Mr Ji Shaoxiang is the acting head with Mr Sitao Jiang as deputy.
- Propaganda: Mr Yang Oi is the head, with Mr Zhang Junsheng and Mr Wang Fusheng as deputies.
- Social Services: Position of the head is still vacant, while Mr Zheng Yonghua and Mr Hu Fei are deputies.
- Co-ordination: Mr Yang Sheng is the acting head.
- Culture and Education: Mr Mao Junnian, who is also deputy general secretary of NCNA, is the head.
- Economics: The position of the head is still vacant with Mr Fan Zhengqiao as deputy.
- Research: The head is Mr Li Weiting who is also a member of the Chinese team to the Land Commission.
- Recreation: Mr Han Li is the head, with Mr Luo Junhoi and Miss Chen Yaqiong as deputies.

Recently, NCNA set up three offices, on Hong Kong Island, Kowloon and in the New Territories. The Central office is headed by Mr Wang Rudeng. The Kowloon office is headed by Mr Fang Jun, who came from Guangzhou about a year ago. He received some of his education in Hong Kong and previously worked here. He is now in his 50s. The New Territories Office is headed by Miss Chen Fang. She was born in Macau and educated there and in Guangzhou.

The news division under vice-director Chen Bojian comprises three departments: Hong Kong and Macau, the Asia and Pacific region, and covers photography.

**END OF**

**FICHE**

**DATE FILMED**

**24 OCT 85**

---

*cush*

